Robots on the march

Custom solutions for heavy industry

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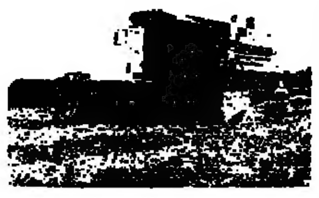

Russian farmers in Iowa

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NEWSPAPER of THE YEAR

FINANCIAL TIMES

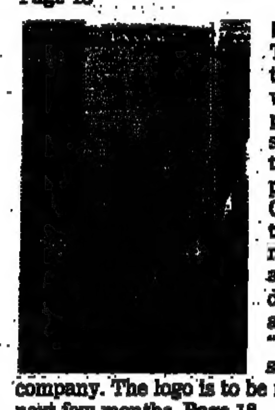
Friday September 4 1992 — EUROPE'S BUSINESS NEWSPAPER — D8523A

China furious at US warplane deal with Taiwan

China reacted angrily to the decision by President Bush to permit the sale of US military aircraft to Taiwan. Beijing accused Washington of being untrustworthy and violating the Sino-US joint communiqué of August 1982. The White House defended its move as "good politics". Page 16

Yugoslavia: Militant Bosnian Serb leader Radovan Karadzic warned he was prepared to "stop by force" the flow of arms which he alleged were being supplied to Moslem forces in Bosnia-Hercegovina. Page 2

German economy: The slowdown in the west German economy was confirmed, with second-quarter figures for gross domestic product showing a drop of 0.5 per cent against the previous quarter. Page 18



Pan Am: The Pan Am Building, the 59-storey skyscraper which forms an integral part of the Manhattan skyline, will never the same again. Metropolitan Life Insurance Company, which owns the building, is to remove the now-defunct airline's name, currently displayed in 15ft lights, and replace it with "MetLife", the nation's second biggest insurance company. The logo is to be replaced over the next few months. Page 18

Rolls-Royce: The weak dollar depressed first-half profits at the UK aero-engine and industrial power group, which is already under pressure from the slump in the commercial airline industry and a shrinking defence market. Page 19; Airlines face cut in new launches, Page 4; Lex, Page 18; GPA plans asset-backed issues, Page 21

Citicorp, leading US bank, played down reports that federal bank examiners had criticised the management and credit quality of its mortgage subsidiary, which has an estimated $24bn of assets. Page 20

Italy's political corruption scandal has claimed another victim with the suicide of Sergio Moroni, a Socialist member of parliament under investigation by magistrates. Page 2

Greece must apply its economic adjustment programme more rigorously if it is to close the widening gap with the rest of the EC, the OECD has warned. Page 2

International Business Machines, world's largest computer manufacturer, is to spin off its personal computer operations as a separate business, the IBM Personal Computer Company. Page 19

Kabul ceasefire: A precarious peace held in Afghanistan amid concern that fresh fighting might erupt between Mujahideen factions if Uzbek militia forces in Kabul do not withdraw. Page6

British Petroleum, UK oil group, has been in negotiations with a potential buyer of its 49 per cent stake in the Olympic Dam copper-gold-uranium mine in south Australia, but any deal is not likely for several weeks. Page 19

Hutchison Whampoa, Hong Kong conglomerate, acquired 50 per cent of Shanghai's container port for HK$1.4bn ($180m). Page 21

Philips, Dutch electrical and electronics group, has launched a cost-cutting drive aimed at saving "hundreds of millions of guilders" during the remaining four months of the year. Page 19

Somalia: The EC is to use $27m in unspent development funds for the UN military relief effort in Somalia. Page 6

Poverty in the US: The number of Americans living below the poverty line rose last year to its highest level since President Lyndon Johnson launched his War on Poverty in 1965. Page 4

South Africa plans to cut central government employment by up to 5 per cent next year as part of its aim to reduce the civil service. Page6

Kevin Maxwell, whose father, Robert, was one of Britain's richest men, yesterday became Britain's biggest ever bankrupt, with debts of more than £406m ($796m). Page 11

Nicaragua appeal: President Violeta Chamorro of Nicaragua made an urgent appeal for international aid after the death toll from Tuesday's earthquake climbed to around 100.

STOCK MARKET INDICES

FT-SE 100:	2,381.9	(+68.9)
Yield	5.88	
FT-SE Eurotrack 100	1,031.46	(+20.27)
FT-A All-Share	1,123.51	(+2.7%)
Nikkei	18,386.49	(+798.77)
New York lunchtime:		
Dow Jones Ind Ave	3,304.08	(+13.77)
S&P Composite	419.58	(+1.60)

US LUNCHTIME RATES

Federal Funds:	3⅛%
3-mo Treas Bills: Yld	3.198%
Long Bond	98⅞
Yield	7.367%

LONDON MONEY

3-mo interbank	10⅜%	(10½%)
Liffe long gilt future:	Sep 97¼	(Sep 95¼)

NORTH SEA OIL (Argus)

Brent 15-day (Oct)	$20.975	(20.125)

Gold

New York Comex (Sept)	$340.8	(338.5)
London	$341.4	(339.3)

STERLING

New York lunchtime:		
$	1.982	
London:		
$	1.984	(2.004)
DM	2.8	(2.7875)
FFr	9.5275	(9.5)
SFr	2.5075	(2.485)
Y	246.6	(246.25)
£ Index	92.2	(Same)

DOLLAR

New York lunchtime:		
DM	1.41385	
FFr	4.813	
SFr	1.26585	
Y	124.695	
London:		
DM	1.4115	(1.3905)
FFr	4.8025	(4.74)
SFr	1.2635	(1.2395)
Y	123.95	(122.85)
$ Index	58.8	(58.2)

Tokyo close Y 123.83

Austria	Sch30	Hungary	Ft162	Malta	Lm0.50	S.Arabia	SR9.00
Bahrain	Din1 250	Iceland	IKr180	Morocco	MDh15	Singapore	S$4.10
Belgium	BFr80	India	Rs20	Neth	Fl 3.50	Spain	Pta200
Bulgaria	Lewa25	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr14
Cyprus	C£1.00	Israel	Shk5.50	Norway	NKr15.00	Switz	SFr3.00
Czech	Kcs35	Italy	L2500	Oman	OR1.50	Syria	SyP50.00
Denmark	DKr14	Jordan	JD1.50	Pakistan	Rs35	Thailand	Bht50
Egypt	E£4.50	Korea	Won 2500	Philippines	Pso45	Tunisia	Din1.250
Finland	FM10	Kuwait	Fils.600	Poland	Zl 18,000	Turkey	L8000
France	FFr8.50	Lebanon	US$1.25	Portugal	Es190	UAE	Dh10.00
Germany	DM3.30	Lux	LFr60	Qatar	QR12.00		
Greece	Dr250						

UK will borrow D-Marks to aid £

By Peter Norman, James Blitz and Tracy Corrigan in London

BRITAIN yesterday acted decisively to support sterling with an innovative plan to borrow D-Marks that immediately eased pressure for an increase in UK interest rates.

The announcement by Mr Norman Lamont, chancellor of the exchequer, that the UK government would borrow Ecu10bn ($14.5bn) worth of D-Marks and other foreign currencies and sell these for sterling lifted the pound by 1¼ pfennigs.

It closed in London at DM2.80, after moving above that level for the first time since the dollar began its plunge to all-time lows a fortnight ago.

UK equities made their biggest one-day gain since the Conservative election victory in April. The FT-SE 100 index closed 68.9 points higher at 2,381.9.

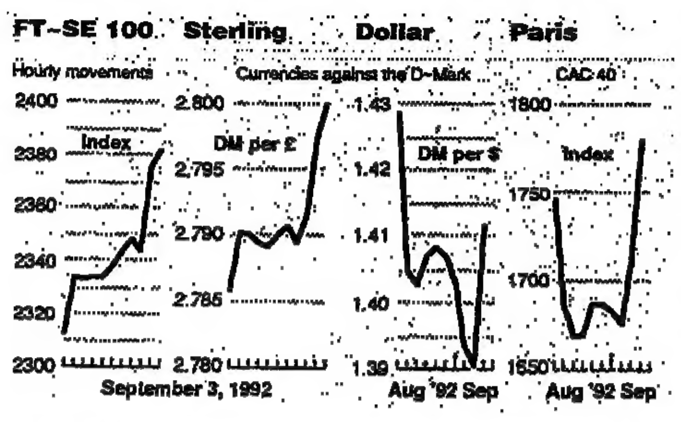
The plans to borrow the equivalent of Ecu10bn in foreign currencies and the unprecedented commitment to convert the proceeds into pounds ensure strong demand for the pound.

They were also quickly interpreted by the foreign exchange market as tangible proof that the UK government was determined not to devalue the pound from its DM2.95 parity in the ERM.

This message was hammered home by Mr Lamont. "These arrangements demonstrate once again the government's clear determination and ability to maintain sterling's position in the ERM at the existing central rate regardless of the outcome of the French referendum on the Maastricht treaty," he said.

The US dollar also rose yesterday against the D-Mark.

Interest rates and yields fell on the sterling money and gilt-edged markets, raising hopes that the government will be able to avoid an increase in bank base rates from 10 per cent, even if the French vote against the Maastricht treaty on September 20.



UK officials hope the plan will also protect the pound from any market turbulence around the US election on November 3.

The plan – which consists of a three-year multi- currency revolving credit facility with a group of international banks and a longer term multi-currency note issue programme – gets underway almost immediately.

The Treasury said the government would borrow half the Ecu10bn in D-Marks this month. It will borrow some DM5bn from the banks "over the next few days" and convert the proceeds into sterling.

Further borrowings of about DM5bn will follow later this month. The UK government has won attractive terms from the banks with an interest rate on the three-year loan of just ⅛ point over the London interbank offered rate.

On sterling money markets, the three-month interbank rate, which often acts as a guide to future base rate movements, closed down ¼ percentage point at about 10⅛ per cent. Prices of UK gilt-edged stock (government securities) advanced strongly by 2 points.

The timing of the Treasury's announcement reflected an easing of tensions on international currency and equity markets over the past two days.

Officials were also keen to release the news ahead of this weekend's informal meeting of European Community finance ministers in Bath, which had been widely expected to discuss contingency plans in case of a French No vote.

Yesterday had begun on a more optimistic note after a sharp rise in Japanese equities lifted the Nikkei average by 798.77 points or 4.54 per cent to 18,386.49.

In France, where Mr Michel Sapin, the finance minister, said long-term interest rates could come down in the event of a Yes vote in the referendum, shares advanced by 4 per cent to their highest close for four weeks.

Yesterday brought no further increase in German borrowing costs. The Bundesbank in Frankfurt left its leading interest rates unchanged. Yesterday's UK move was discussed in advance with the German central bank but was not contingent on the outcome of yesterday's discussions of its decision making central council.

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Gilts surge, Page 22
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Foreigners join in France's debate on Maastricht

By David Buchan and Alice Rawsthorn in Paris

THE FRENCH referendum campaign on Maastricht yesterday took on a wider dimension as government officials welcomed indirect UK pressure in favour of the treaty while opponents objected to intervention by other foreign leaders.

Mr Philippe Seguin, the Gaullist standard-bearer of the No campaign, said it was "perfectly scandalous" of Mr Helmut Kohl, the German chancellor, to have been invited to come in on the side of Maastricht during the planned television debate with President François Mitterrand.

The see-saw nature of the referendum campaign was highlighted by the publication of a poll conducted earlier this week for Société Générale, the French bank, showing that 52 per cent of the electorate plans to vote No in the forthcoming referendum.

This poll contradicted five other published so far this week, all indicating that the Yes camp will carry the day on September 20, albeit by a small majority.

As Mr Mitterrand prepared for his first television debate in four years, a Figaro/Sofres study showed that his approval rating has fallen from 38 per cent to 36 per cent over the past month.

His invitation to Mr Kohl to speak in the debate was also attacked by other anti-Maastricht campaigners. Mr George Marchais, the French Communist party leader, said it was "a bit insulting to the French."

But, writing in yesterday's Le Figaro, Mr Joachim Bitterlich, the EC affairs adviser in the German chancellery, reminded its readers that "Maastricht is essentially based on close Franco-German co-operation".

The appearances this week by Mr Felipe Gonzalez and Mr Carl Bildt, the Spanish and Swedish prime ministers, at pro-Maastricht rallies outside Paris have drawn fewer objections from the No campaigners.

A senior foreign ministry official praised Mr John Major, the British prime minister, for sending a "subtle" pro-Maastricht message to the French electorate, by announcing that the UK would drop its own parliamentary ratification of Maastricht if France votes down the European treaty on September 20.

"The treaty's opponents have made quite an impression with the argument that it is possible to say No to Maastricht, but Yes to Europe," a senior British foreign ministry official said.

● A Yes vote in the French referendum is clear favourite with the bookmakers. Ladbrokes is quoting 1-2 (bet £2 to win £1) for a majority in favour, with a No vote offered at 11-8.

French referendum, Page 3

Yes men: (left to right) French culture minister Jack Lang, Nobel peace laureate Elie Wiezel, Polish parliamentarian Bronislav Goremek and Italian writer Umberto Eco campaign for a Yes vote in the French referendum

Thatcher attacks Major on economy and Europe

By Philip Stephens in London

MR JOHN MAJOR, the UK prime minister, last night faced new criticism from Lady Thatcher over Britain's economy and its approach to Europe as he prepared to underline his personal commitment to the *Maastricht* treaty on European union.

In another thinly veiled attack on her successor, the former prime minister said Mr Major's determination to hold sterling's value against the D-Mark in the European exchange rate mechanism was prolonging the British recession.

In a phrase recalling her battles over exchange rate policy with one of her chancellors of the exchequer, Mr Nigel Lawson (now Lord Lawson), she added: "If by artificially controlling the exchange rates between countries you try to buck the market, you will soon find the market

Continued on Page 18

Karadzic threatens to launch fresh offensive in Bosnia

By Judy Dempsey in London and Laura Silber in Belgrade

YUGOSLAV peace talks which opened yesterday in Geneva have been immediately undermined by a threat from Mr Radovan Karadzic, head of the Bosnian Serbs, to launch a fresh offensive throughout Bosnia-Hercegovina.

The threat came as an Italian aid aircraft crashed in unknown circumstances close to the Bosnian capital of Sarajevo. It was carrying blankets from Split in Croatia to the capital's besieged inhabitants. All relief flights to Sarajevo were immediately suspended.

Mr Karadzic, in a letter to Mr John Major, the British prime minister, said he was drawing up plans to "stop by force" the flow of weapons to Bosnia's government forces. Bosnian Serbs have accused the international community of supplying the arms.

"I am told that we will face a strategic dilemma within days which will require us to use force to halt the illegal supply of weapons if the international community will not act," he said. Mr Major's office said it would be drafting a reply "over the next few days".

The letter stems from recent developments in the eastern Bosnian town of Gorazde, which Serb forces had besieged for four months. The siege was lifted on Sunday after Serb forces started to withdraw under instructions from Mr Karadzic. As they did so, forces loyal to the Bosnian government rapidly moved to regain lost territory.

Local Serb commanders immediately accused the United Nations of supplying weapons to largely Moslem forces in Gorazde, after a convoy had managed to reach the besieged city late last month. The UN has consistently played an impartial role in its peacekeeping efforts in Bosnia.

A Serb commander said at the time that his forces would not make the same mistake again, implying that the UN was partial, and indicating that the Serbs would not be prepared to lift sieges of any other towns or cities in Bosnia.

Mr Karadzic's letter clearly reflects the pressures weighing on Serb forces. "Every measure and sanction against the government of President Alija Izetbegovic [of Bosnia] to halt this escalation must be taken," Mr Karadzic warned.

Since Bosnia's independence was recognised in April, Serb forces have been able to capture more than 70 per cent of Bosnia because they are backed by the Yugoslav federal army. For its part, the Bosnian government has been unable to defend itself because it has not been exempted from the UN arms embargo.

In Belgrade, the Serbian capital, meanwhile, Mr Milan Panic, the Yugoslav prime minister, promised to purge "all old timers" after attempts by Serbia's ruling Socialists to oust him through a no-confidence vote in the federal parliament collapsed.

The Belgrade-born Californian businessman also said he would go at the weekend to Serbia's southern province of Kosovo for talks with Mr Ibrahim Rugova, the ethnic Albanian leader.

CONTENTS

OECD ECONOMIC REPORT

Greece told to tighten its reforms

By Kerin Hope in Athens

GREECE must apply its economic adjustment programme more rigorously if it is to close a widening gap with the rest of the European Community, the Paris-based Organisation for Economic Co-operation and Development warns in its annual report on the Greek economy.

Determination has been lacking in crucial areas of structural reform, such as curbing tax evasion, reducing overstaffing in the public sector and promoting competition, especially in the banking sector, the OECD says.

"The Greek government has to speed up the reform process and take firm action especially in its own domain – fiscal consolidation and public sector efficiency – where it has greater powers and responsibilities," the report says.

Greece last year launched a medium-term stabilisation programme aimed at cutting public borrowing to under five percentage points of gross domestic product, and trimming inflation to less than 10 per cent, enabling the drachma to join the Exchange Rate Mechanism of the EMS.

After falling behind target in 1991, largely because of unrealistically high revenue forecasts, the programme is being revamped to meet the Maastricht targets for European monetary union.

The OECD predicts a short-term improvement in 1992-93 with inflation down to 14 per cent by the end of the year and Public Sector Borrowing Requirement declining to 11 per cent of GDP in 1993. However, its report was prepared before last month's launch of a revenue package expected to add 2-3 points to the yearly inflation rate.

Growth in GDP is projected at 1.7 per cent this year, rising to 2.2 per cent in 1993. It will be driven by a substantial rise in public investment as big infrastructure projects get underway, with support from EC structural funds.

The OECD notes that the government has taken "courageous deregulation measures in many fields", abolishing price controls on a wide range of products and services. It calls for a more effective competition policy, including reform of "oligopolistic practices" in banking, where high borrowing costs and inefficient procedures impede growth.

Privatisation has been speeded up, though only limited cash income from disposals is expected this year. However, privatisation should stimulate industry after a long period of decline.

However, the OECD acknowledges that projections are based on optimistic assumptions which ignore the possibility of further turmoil in the Balkans. Business confidence has already been dented by fears that conflict in Bosnia-Hercegovina may spread south, while the reportsays export market growth will decelerate because of continuing problems in transporting Greek goods to western Europe.

Campaigning doctors outrage Bonn

By Christopher Parkes in Bonn

THE German health minister, Mr Horst Seehofer, yesterday publicly snubbed the country's medical profession as a result of a virulent campaign against his plans for reforming the health service.

He withdrew his acceptance of invitations to special meetings in Bonn and Cologne, saying in a letter to the heads of two leading medical associations, that his opponents had broken the basic rules of decency and overstepped the limits of good taste in a series of newspaper advertisements. These included charges that the scheme amounted to "disguised euthanasia", and a copy-line: "Die early, cost less."

He would examine the factual evidence submitted by the profession, he wrote, but attending the meetings in the "emotionally heated" climate would be "meaningless".

Mr Seehofer's plan – approved by the cabinet in July – to reduce annual federal contributions to the state-subsidised health service by DM11bn (£3.9bn), has been strongly criticised by doctors and dentists.

Their main targets are proposals to limit the number of doctors in the national health service, cuts in fees, prescription limits and increased charges for patients.

Several medical groups yesterday dissociated themselves from the advertisements, published at the end of last month and paid for by a Berlin doctors' organisation, and asked for the dialogue to start again as soon as possible.

Meanwhile, the Hartmannbund, representing 50,000 practising doctors and 10,000 students, yesterday launched a new protest campaign, and started raising a petition signed by patients.

The drugs industry, which will have to contribute to the economy drive through a 5 per cent cut in drugs prices, has run a low-key campaign and offered alternative reductions designed to achieve the same budgetary effect as Mr Seehofer's across-the-board cuts.

The health insurance groups, which claim their outgoings are increasing at double the rate of their income from contributions, have welcomed the reforms. There has been no significant protest from patients.

Journalists in Berlin yesterday surround defence lawyers for Erich Honecker after a court ruled that the former East German leader must stay in jail pending trial for manslaughter, despite pleas on health grounds. Mr Honecker, who is 80, has cancer.

Milan scandal claims third suicide victim

By Haig Simonian in Milan and Robert Graham in Rome

ITALY'S growing political corruption scandal has claimed another victim with the suicide of Mr Sergio Moroni, a Socialist member of parliament under investigation by magistrates in Milan.

Mr Moroni, 45, is the most senior and politically prominent of the three men linked with the investigations who have now taken their lives. Mr Renato Amorese, the secretary of the Socialist party in Lodi, near Milan, killed himself three months ago, and Mr Mario Majocchi, deputy chairman of Italy's builders' federation, took his life in July.

The latest death may reinforce current attempts by Avanti, the Socialist party newspaper, to present the magistrates leading the investigations unfavourably. The Socialists, led by Mr Bettino Craxi, have tried to protect themselves by accusing the magistrates of unconstitutional methods in pursuing their inquiries.

The corruption scandal yesterday also saw the arrest of another prominent businessman, Mr Paolo Rinaldi, chief executive of the recently privatised Cementir cement group. He was formerly managing director of the Caltagirone group's construction arm, Vianini Lavori, before the acquisition in February of Cementir.

The investigations took a new turn this week with the appearance of prominent industrialists before magistrates in Milan. On Tuesday, lawyers for Mr Giuseppe Garofano, deputy chairman of Ferruzzi Finanziaria, one of Italy's biggest private-sector groups, said he had paid L200m-L300m (£94,000-£140,000) to the Christian Democrat party in Lombardy in 1990. They said the payments were a personal gift, rather than an undeclared, and therefore illegal, contribution by the Ferruzzi-Montedison group to the party.

Undeclared contributions by individuals carry much lower legal penalties than those by companies.

Political donations by industrial companies are legal in Italy if declared, and magistrates are thought to be trying to discover the scale of them.

Ferruzzi's main activities are in chemicals and agro-industrial sectors, rather than the construction sector, which has been the main source of the illegal political contributions and kickbacks so far unveiled. However, Ferruzzi's Calcestruzzi subsidiary is a leading building and cement manufacturer.

Swiss police in Locarno last week arrested Mr Raffaele Politano, long-serving private secretary of Mr Paolo Pillitteri, the former Socialist mayor of Milan. Mr Politano had been sought by police in Milan for two months on charges relating to the corruption investigation.

Mr Politano is believed to have refused to return voluntarily to Italy, and will have to be extradited.

Lamont tries to change subject

By Peter Norman, Economics Correspondent

THE UK chancellor, Mr Norman Lamont, will try to engage his fellow EC finance ministers in matters other than the French referendum on Maastricht and turbulence on foreign exchange markets when they gather for informal weekend discussions in Bath this evening.

Current strains in the exchange rate mechanism of the European Monetary System and the Community's increasingly lacklustre growth prospects can be expected to play a big part in working sessions tomorrow.

But the chancellor has also placed on the agenda the EC's relations with non-EMS countries, the trade problems of eastern and central Europe, and his belief that finance ministers should have an expanded role in Community decision-making.

As if to emphasise the non-Maastricht element of the talks, the ministers and central bank governors will be joined for lunch tomorrow by Mr Jacques Attali, president of the European Bank for Reconstruction and Development. He is likely to criticise the limited access granted by the EC to exports from eastern and central Europe.

However, European monetary officials are uncertain

UK wants to wrench attention away from Maastricht

how far such issues will grab the attention of ministers, most of whom are beginning to suffer at first hand the effects of the Bundesbank's high interest rate policy to curb the inflationary pressures of German unification.

The European Commission, which is revising its economic forecasts, now expects the European economy will grow by only around 1.25 per cent this year and next, against earlier expectations of annual growth of about 2 per cent.

Although the ministers will refrain from overt "German bashing" at the meeting, Mr Theo Waigel, Germany's finance minister, and Mr Helmut Schlesinger, president of the independent Bundesbank, will be left in no doubt as to the problems that Germany's money market interest rates of just under 10 per cent are causing for the rest of the Community.

Mr Schlesinger in particular will be urged to reconsider German interest rate levels in the light of lower than expected inflation in the German federal states and growing signs of slowdown in Germany's industrial economy.

The meeting in Bath has been widely billed as preparing contingency measures to combat financial market turbulence in the event of a French No vote on September 20. But officials stressed yesterday that "it will not be a forum for drawing up battle plans".

Such an approach could give the unwelcome impression to financial markets that ministers already expect the French referendum to reject the Maastricht treaty.

Instead, the meeting is likely to have a more general discussion of market developments and to reaffirm last Friday's statement by EC finance ministers which stressed that the EMS defence mechanisms have already been activated, and which ruled out a realignment of the ERM parities.

NEWS IN BRIEF

Doubts thrown over Yeltsin visit to Japan

PRESIDENT Boris Yeltsin's security service, in an extraordinary leak to the press, suggested yesterday that his visit to Japan might not take place because Tokyo was unable to fully guarantee the Russian leader's safety from terrorist attack, writes Leyla Boulton in Moscow.

Against a background of fierce diplomatic posturing over the territorial issue which is dominating the Russo-Japanese agenda, it was not clear whether the leak was sanctioned at a high level to prepare for a cancellation of the visit.

It could be a crude attempt to embarrass the Japanese for insisting that Russia must return the South Kurile islands before economic assistance is available. Alternatively it may be a fit of pique by the security forces, who complained the Japanese were forbidding them from bringing firearms into the country.

Mr Boris Ratnikov, the first deputy head of the presidential bodyguard, said he would recommend the president postpone the trip unless the Japanese satisfied the security men's demands.

Ceasefire in Abkhazia

The leaders of Russia and Georgia yesterday agreed a ceasefire in a conflict sweeping the secessionist Georgian region of Abkhazia and persuaded the reluctant Abkhazian leader to sign the document, Reuter reports from Moscow. Russian President Boris Yeltsin and Mr Eduard Shevardnadze, the Georgian leader, also agreed to set up a peace-keeping force in which Russian troops would take part.

Baltic bridge accord

Finland said yesterday it had reached agreement with Denmark in their dispute over the Great Belt bridge project and had dropped its complaint to the International Court of Justice, Reuter reports from Helsinki.

The project, linking the Danish islands of Zealand and Funen at the mouth of the Baltic with a network of road and rail bridges and tunnels, angered the Finns who said one of the bridges would restrict access for oil rigs they export to the North Sea.

According to the agreement Denmark will pay Finland DKr90m ($16.7m) in a one-off compensation, the ministry said. The International Court of Justice in The Hague had been due to begin a hearing on the case on September 14.

Ukraine military step in

By Chrystia Freeland in Kiev

MILITARY air traffic controllers yesterday prepared to take over Ukrainian airports as an indefinite general strike paralysed the country for a second day.

The Ukrainian government refused to bow to strikers' pay demands and sought a court order to force them back to work.

The strike was called by the Council of Free Trade Unions, once the official trade union under communism. Strikers have closed most airports and train stations, stranding thousands, including a delegation from the International Monetary Fund.

Support was weaker in the mining region of eastern Ukraine.

Most politicians back government efforts to stop the wage and price rise spiral.

Finland raises interest rates to stem outflow of capital

By Robert Taylor in Stockholm and Hilary Barnes in Helsinki

FINLAND'S central bank yesterday increased interest rates by one percentage point to 18 per cent, the third rise in less than a month, in an attempt to stem the outward flow of capital from the country.

The move came after the bank said its holdings of convertible reserves, mostly foreign exchange, had fallen by FM3.38bn ($837m), to FM23.07bn, in the week to August 31. Last month, the country's capital reserves fell by nearly a quarter to FM23bn from FM31bn.

The money markets reacted immediately to the central bank action. The one-month deposit interest rate rose to 18 per cent, from 16.65 per cent, while the three-month interest rate went up to 16.8 per cent, a rise of 0.4 per cent.

Mr Antti Juusela, head of the bank's interventions department, said that the aim of the operation was to stop a currency outflow and to take liquidity out of the banking system.

Since last November, when Finland devalued the markka by 12.3 per cent against the Ecu, the international money markets have mistrusted the ability of the fragile centre-right coalition government to deal with the country's most serious economic recession. This is despite two rounds of government spending cuts, in preparation for the 1993 budget, designed to reassure overseas financial opinion.

The government yesterday released its draft 1993 budget, which allows for a deficit of FM47.7bn and expenditure of FM175.3bn.

Expenditure has been cut by some 10 per cent in order to hold it at this level, which is 2 wo per cent lower, in current prices, than estimated expenditure for the current year.

The cuts include a 4 per cent reduction in the central government wage bill.

The Finance Ministry believes the recession, which saw real GDP fall 6 per cent in 1991 and a further 1.5 per cent this year, has touched bottom. It estimates growth will recover by 2.5 per cent in 1993, with exports repeating this year's performance with a real increase of 9 per cent.

Inflation will be held to about 2 per cent, while the current balance of payments deficit, which soared to over 5 per cent of GDP at FM26.6bn in 1991, will fall to about FM18bn this year and to FM10.5bn in 1993.

EC to agree controls on Mafia crime

EUROPEAN Community interior and justice ministers will meet on September 18 in Brussels to discuss how to control organised crime in the EC single market, diplomats said, Reuter reports from Brussels.

France and Italy, worried that the Mafia will turn the future border-free Europe into a huge crime fiefdom, called for the meeting after the recent murders of two leading Italian anti-Mafia judges.

French Interior Minister Paul Quiles said in an article published last month that the ministers would organise a "common and ruthless offensive against the Mafia".

He said the removal of European borders from January 1 would also make it easier for crime-fighters to co-operate.

Russia learns the painful dictum of cash on delivery

Leyla Boulton on an issue 'at the centre of the reforms'

MR VIKTOR Ratnikov, director of Moscow's Babayev chocolate factory, says life has improved greatly since July 1, when Russian enterprises were ordered to deliver goods only if customers paid for them.

It is a principle accepted readily enough in the west. But for Russian market reformers, the issue of the day remains billions of roubles in unpaid bills accumulated by thousands of factories around Russia.

They came about when state-owned enterprises, which account for 90 per cent of economic output, continued to trade with each other after prices were liberalised in January, even when they did not have enough money to pay for goods.

The government's expectations that managers would behave rationally and cut costs and prices proved unfounded. Other problems were a slow banking system, a cut in funding for ministries which had ordered goods in advance, and the absence of a tried and tested mechanism for declaring enterprises bankrupt.

The arrears reached Rbs3trillion (thousand billion) by the end of June, accounting for more than half the country's industrial production of Rbs5trillion for the first half of the year. By the end of July, they were back down to Rbs1.19trillion. The amount fell as enterprises demanded payment, as mutual debts were cancelled out and as some enterprises received fresh injections of working capital from the government.

"This issue is at the centre of reforms," says Mr Alexander Mozhin, a senior Russian official who handles relations with the International Monetary Fund, which has set budget and inflation targets to achieve financial stabilisation. "Either you give enterprises extra credit with the dangers of deteriorating into hyperinflation ... or you accelerate reforms which increase unemployment."

Mr Viktor Gerashchenko, the central bank chairman who believes it is his job to support production in the absence of western-style capital markets, has already made his choice. He caused a storm of protest among more radical reformers in the government when he issued an order to finance net arrears remaining after the authorities worked out which inter-enterprise debts cancelled each other out.

Under pressure from the government, Mr Gerashchenko revoked the order, which according to one of his deputies, Mr Sergei Ignatiev, would have cost anywhere between Rbs500bn and Rbs1.5trillion in new credit. But at least Mr Gerashchenko put at the top of the agenda a problem which had been allowed to fester before his appointment in July.

The key challenge now is to teach enterprises a lasting lesson which will make them change their behaviour in future. The government's critics warn of social instability and a loss of Russia's industrial base if large-scale unemployment is allowed. The radicals in the government argue that there can be no growth without financial health.

"One of the dangers in trying to clean up arrears is that you fail to create disincentives for the accumulation in arrears in future," Mr Richard Erb, the IMF's deputy director, cautioned in Moscow last week. "Progress in implementing bankruptcy procedures will be important to make clear to enterprises that they are responsible for the credit standing of enterprises they are dealing with."

At a meeting of regional governors, two senior ministers publicly disagreed over the issue. In one corner was Mr Anatoly Chubais, the radical deputy prime minister responsible for privatisation, who said that the net arrears were to be the exclusive preserve of a debt managing agency. Such an agency, the solution favoured by the IMF, would reimburse net creditors by selling off the debts or property of the net debtors, dove-tailing neatly with plans to begin privatisation of large and medium-size enterprises.

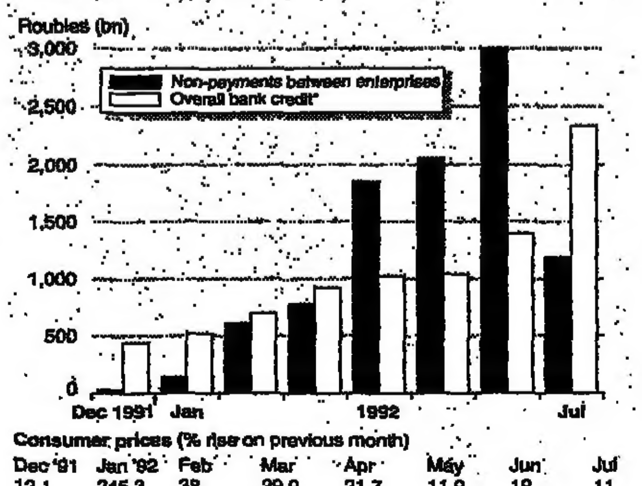
In the other corner stood Mr Vasily Barchuk, the finance minister, who wants to clear up the problem as quickly as possible because indebted enterprises do not pay taxes and worsen the budget deficit. He said the agency would take far too long to start up and he advocated a one-off indexation of enterprises' working capital to bring it back in line with rapidly rising prices.

He was overheard saying later that he needed "one trillion (roubles)" for his project, compared with the Rbs300bn which the government has told the IMF it needs to spend on indexation of working capital in the second half of this year. The enterprises see indexation as necessary because the cash they had to operate became almost worthless after the explosion of prices in January. But the problem is that it is difficult to make sure enterprises will not use the money to raise wages or to keep producing large inventories of unsaleable goods.

Stressing his commitment to an anti-inflationary policy, Mr Yegor Gaidar, the acting prime minister, denied any fundamental differences in approach within the government.

The solution, which is already emerging, is turning out to be a messy compromise. While Mr Chubais pursues the agency idea, perhaps making some headway in rationalising and privatising enterprises, the central bank will continue to provide new money over and above budget revenues, with as yet unmeasurable consequences for a supposedly strict monetary policy.

Russia: credit explosion



Consumer prices (% rise on previous month)

Dec '91	Jan '92	Feb	Mar	Apr	May	Jun	Jul
12.1	245.3	38	29.9	21.7	11.9	19	11

*Includes credits from central bank to commercial banks and from commercial banks to enterprises.
Source: Russian Centre for Economic Reform

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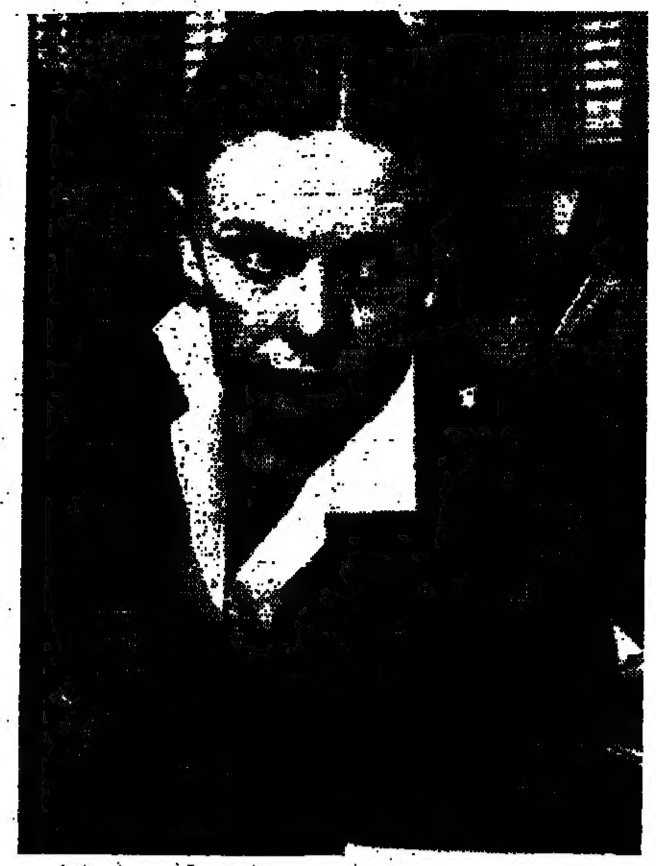
NEWS: THE FRENCH REFERENDUM



Guigou: indefatigable campaigner

Standard bearer for Mitterrand's Yes campaign

William Dawkins profiles the French European affairs minister

THE earnest, neatly tailored Mrs Elisabeth Guigou, French European affairs minister, has over the past few weeks become both the workhorse and standard bearer of her government's pro-Maastricht campaign.

The 46-year-old European affairs minister has been on the stump somewhere in the French provinces almost every day since mid August and will have visited more than 40 cities before the campaign is out. She has lobbied in the provinces far more than any other government minister.

Yet for all her admirable qualities, Mrs Guigou's campaign must be a factor in the surprise emergence of a majority against European union in some opinion polls. One found her less convincing than Philippe Séguin, the Gaullist MP who has taken the highest profile in the no campaign, and less convincing than the rabidly anti-Maastricht head of the Front National, Mr Jean-Marie Le Pen.

The indefatigable Mrs Guigou bought her campaign to the Euro-faithful earlier this week, at a European Movement youth conference in a seaside holiday village near Biarritz.

"Success or failure hinges not so much on turning back the no vote as on those who have not yet made up their minds," she told her audience of student campaigners. They should concentrate on the details of the treaty because much of the no vote was based on ignorance and misunderstanding.

Campaigners should remind local townsfolk that hardly a French commune lacked afacility, built with the help of EC cash. She omitted, however, to mention that France was a net contributor to EC funds and that its contributions were likely to rise as a result of the treaty.

Even so, it was clear, competent stuff. Mrs Guigou knows the treaty backwards and she talked to her young audience without a trace of condescension. She bore heckling with calm good humour and hit back trick questions with skill.

So why has Mrs Guigou's approach not won more votes? It could be that her style is so clearly Parisian, a disadvantage when so much of the no vote appears to be a protest against the political establishment. To some, she appears reserved, though this is said to be symptom of underlying shyness.

Oddly, Mrs Guigou's background is quite like that of her arch-opponent Mr Séguin. They were both born in colonial north Africa and went to the élite civil service college, the Ecole Nationale d'Administration following high flying careers in the public administration. Yet Mrs Guigou has come out of this quite a different person - a cool technocrat, as against the more populist Mr Séguin.

Despite both sides' entreaties to the French populace to vote purely on the issues style counts for something in this - as in any other - political campaign.

Kinkel steps up campaign

By Quentin Peel in Bonn

MR Klaus Kinkel, the German foreign minister, yesterday issued a ringing appeal for a "positive result" from the French referendum on European union, as Bonn stepped up its campaign to save the Maastricht treaty.

The future of Europe was at stake, he said. The intervention of both Mr Kinkel and Chancellor Helmut Kohl in the French campaign underlines the growing concern in Bonn at the stumbling ratification process throughout the Community.

Mr Kinkel reminded all EC member states of their commitment to press ahead with ratification.

In Spain the government presented a draft bill to parliament proposing to speed up ratification. Parliamentary committees will decide next Tuesday whether to adopt the bill, which could rush the treaty through in a month or less.

Italian leaders launched a campaign to press parliament into ratifying the treaty before the French referendum.

The full Senate could ratify Maastricht four or five days before the referendum.

Major's problems will outlive vote

He wants and expects a Yes, but has no illusions, writes **Philip Stephens**

FOR the moment British politics is held in thrall. The conventional wisdom is that the outcome of the French referendum on Maastricht will be a watershed for Mr John Major's government.

The Euro-sceptics – Conservative and Labour alike – relish the prospect of a No vote on September 20. They predict that chaos in the financial markets would untie sterling from the D-mark through devaluation or the break-up of the exchange rate mechanism. With economic and political union derailed, the nation states of Europe would be free to cast off the shackles of Brussels.

On the other side of the argument, many of Mr Major's supporters foresee political salvation in a Yes vote. The pressures in the ERM would evaporate, reviving confidence in the economy. With his government holding the EC presidency Mr Major could then direct his formidable political talents to persuading the Danes to rejoin the enterprise.

No-one should be surprised at the polarisation of the debate. In recent years the nation's politicians have been incapable of discussing Britain's place in Europe in anything other than blacks and whites. At Westminster you are either for or against Europe.

The is convenient for both sides. The uncertainties over the French vote are offered by the British government as an explanation of its inaction in the face of deepening economic gloom. For the Tory Euro-sceptics the referendum provides a powerful focus for their assault on Mr Major's economic strategy and his alleged willingness to surrender parliamentary sovereignty.

There are advantages also for the media too. The notion that the government's fortunes hinge on a single throw of a set of Gallic dice is tailor-made for headline-writers.

However, those charged with steering British policy are confident of nothing but that, whatever the result, the implications will emerge in different shades of grey.

Whitehall is working to the assumption that the French electorate will endorse European union. But there is plenty of contingency planning in case France votes no.

The starting point is that the government would withdraw from the House of Commons legislation to ratify Maastricht. Beyond that, most of the assumptions in Whitehall would dismay the Euro-sceptics. Ministers dismiss the notion that French rejection of Maastricht would provide Mr Major with a chance to redraw Europe as he wished.

Major: will not allow Britain to be sidelined

In a reference to Lady Thatcher's implacable opposition to European union, one senior official commented bluntly: "It's simply nonsense to think that Europe would be turned overnight into a continent of Thatcherites."

How Chancellor Helmut Kohl and President François Mitterrand would react is not clear, but no one believes they would abandon their ambitions to bind a united Germany to a more unified Europe.

For his part, Mr Major's disdain for the federalist ambitions of some of his European partners has not dented his conviction that Britain cannot be sidelined: that it would have to remain at the centre of whatever followed Maastricht.

Nor does he consider that a No vote would offer a let-out from the commitment to hold sterling to its DM2.95 central rate in the exchange rate mechanism – underlined yesterday by the Treasury decision to raise Ecu10bn (£7.25bn) in foreign currencies through the foreign exchange market. He shares the growing concern of Tory MPs that the recession is being prolonged by high German interest rates. But his commitment to the anti-inflation discipline of the ERM predated Maastricht and would outlive it.

It is not hard to find cabinet ministers who would breathe a sigh of relief if the markets forced a revaluation of the D-mark against all currencies. But they are far from convinced that the prime minister would be prepared to retreat from DM2.95. They are certain that if France held firm, then Mr Major would risk the political backlash from a rise in interest rates rather than have sterling tagged with the lira as one of the sick currencies in the system.

The implications of a Yes vote are similarly ambiguous. Lady Thatcher offered another reminder yesterday that the Euro-sceptics are determined to disrupt and, if possible, defeat British legislation to ratify the treaty.

They draw comfort from private acknowledgement in Whitehall that French support for the treaty may do little to persuade the Danish electorate eventually to change its mind.

The assumption among ministers is that French backing for Maastricht would remove the pressure for a rise in British interest rates. But there remain doubts that that in itself would be enough to pull the economy from recession. In the words of one minister this week: "We will all breathe a huge sigh of relief – and then say to ourselves what the hell do we do now?"

There is little doubt that Mr Major wants and expects the French to say Yes, but he can have few illusions that an electorate across the channel will solve his problems.

Finance minister tries to squash economic fears

By Alice Rawsthorn in Paris

MR Michel Sapin, France's finance minister, yesterday attempted to squash fears about the implications of the Maastricht treaty for the French economy by saying that long term interest rates could come down if France voted Yes in this month's referendum to ratify the treaty.

The finance minister was careful not to specify when they would do so.

He warned of the economic consequences of France rejecting the treaty. "I am not one of those who say it would be Maastricht or chaos," he said. "But it would be very bad for the French economy."

Mr Sapin' statement helped to boost the Paris financial markets. The CAC 40 Index rose by 4 per cent during the day to close at 1,780.

The economy has emerged as a central issue in the referendum debate. The anti-Maastricht lobby has fuelled French public concern about the power of Germany within the European Community by arguing that, as part of a unified Europe, the Germans would be able to wield greater influence over the French currency and interest rates.

Interest rates are a source of concern for Paris given the cost of borrowing - with an annual inflation rate of around 3 per cent and bank base rates of 9.85 per cent - is among the highest in Europe and is one of the main causes for the recent sluggishness of the economy.

However, the government's hopes of reducing rates have been scuppered by the high level of German rates. Last autumn Mr Pierre Bérégovoy, now prime minister and then Mr Sapin's predecessor at the finance ministry, was forced into an embarrassing *volte face* when he briefly tried to hold French rates below those of Germany only to be forced to raise them again when the franc came under pressure on the currency markets.

Mr Sapin has continued Mr Bérégovoy's rigid economic policy of continuing to countenance relatively high long term interest rates in order to protect the franc. Yesterday he argued that the ratification of the Maastricht treaty would create a stable economic environment in which France would have the necessary flexibility to reduce rates again.

He refused to be drawn on what would happen to interest rates if the French rejected the treaty. However, he warned that such a result would create tension within the European Monetary System and would have a "negative" effect on the French economy.

NEWS: WORLD TRADE

Australia angry at US subsidised wheat plans

By Kevin Brown in Sydney

THE Australian government and farmers' organisations reacted angrily yesterday to US plans to increase sales of subsidised wheat, despite US assurances that Australian export markets would not be damaged.

Mr Paul Keating, prime minister, said Australia "strongly objected" to the announcement by President Bush that the US will subsidise with an additional $1bn (£500m) the export of 29.1m tonnes of wheat to 28 countries in 1992-93. The announcement was "hard to square" with earlier US assurances that the export enhancement programme (EEP) would be implemented so as to minimise the impact on Australia's unsubsidised wheat exports.

The announcement sent "a negative signal" about US commitment to Gatt's Uruguay Round world trade talks, stalled earlier this year after the US and EC failed to agree *reductions in farm support.*

Officials said the Australian government was especially angry about the extension of the EEP programme to countries such as Pakistan and South Africa, which Canberra regards as an attempt to widen the scope of US sales at the expense of unsubsidised competitors.

The Bush plan was defended on Australian radio by Mr Steven Censki, acting director of the US agriculture department's foreign agricultural service, who denied it represented an escalation of US subsidies. "It's more the method of announcing the EEPs has changed. We bundled all the initiatives we would announce during the new year together into one large announcement," *Mr Censki said.* "It provides more certainty to our export trade; we think it provides more pressure on the EC to reduce its subsidies."

But farmers' organisations said the programme would drive down world prices. Mr Ian MacFarlane, president of the *Queensland Grain Growers* Association, called it an "electorally driven bastardisation" of world markets. Mr Bruce Lloyd, deputy leader of the the National Party, said the US was now Australia's "number one trade enemy".

Other nations echo complaint

OTHER reactions to President Bush's announcement echoed Australia's dissatisfaction:

THE EC: An official described the move as "belligerent", asking if increasing farm support was compatible with the joint EC-US pledge to secure a Uruguay Round deal, David Gardner reports from Brussels. No wheat programme had been mentioned at talks this week between *Mrs Carla Hills, US* trade representative, and Mr Frans Andriessen, EC external affairs commissioner, he added.

But Brussels seemed to be pulling its punches, adhering to the informal truce agreed with the US on bilateral farm trade disputes, in the hope of getting an overall Gatt settlement before the end of the year.

CANADA: Ottawa will try to protect its grain markets, Mr Charles Mayer, grains and oilseeds minister, said, Reuter reports from Ottawa. *He* called the US action a unilateral move lowering world grain prices. "It is like hitting a fly *with a hammer". It would* hit everybody, driving down their prices, he declared.

Canada might have been willing to co-operate with the US, Australia and Argentina to try to stem the war with Europe over markets, but the US had acted unilaterally. It was an election year (in the US), and if Washington had wanted to talk about the Europeans, "it would have been better to talk with us to see if we could do something, but they gave no indications at all. It's like getting into a fight with a skunk: everyone comes out smelling."

BRAZIL: The foreign ministry *yesterday confirmed* Brazil would not buy the 500,000 tonnes of subsidised wheat offered by the US, Christina Lamb reports from Brasilia. The decision calmed the fears of Argentina which since 1986 has replaced the US as Brazil's main wheat supplier.

This year Brazil is expected to buy 2m tonnes of Argentine wheat under Mercosur, the free trade zone formed last year between Brazil, Argentina, Uruguay and Paraguay. Brazilian diplomats said they were keeping "an open line" with Buenos Aires. Brazil wants to *avoid further strain with its* Mercosur partners, already worried that its huge economic and political problems could make the agreement collapse.

ARGENTINA: The government was "surprised" and "displeased" by the US decision, John Barham reports from Buenos Aires. Argentina has seen its wheat exports plunge to $525.6m (£264m) last year from $1.47bn in 1981, due largely to EC and US subsidies. Mr Alieto Guadagni, international economic relations secretary, said farm subsidies now cost Argentina $1.2bn-$1.5bn a year in lost export revenues. He had not yet worked out the impact of the new US subsi*dies, but believed Argentina* was "satisfied" by Brazil's decision not to buy subsidised wheat. Last year, Brazil angered Argentina by importing subsidised US wheat.

Chicago wheat futures were easier in late trading yester*day after Wednesday's sharp* rise following President Bush's subsidy announcement, David Blackwell reports. Traders said the market was under pressure because not all the 28 countries targeted for EEP wheat from the US might be interested, especially China. Yesterday's initial downward movement came as Egypt's bid for 600,000 tonnes of EEP wheat was rejected on price, traders said.

Greece to buy 40 fighters from US

By Kerin Hope in Athens

GREECE is to buy 40 new F-16 fighter aircraft from the US in a government-to-government sale, with delivery expected to start in 1993, the Greek defence ministry said yesterday.

The price is still to be finally negotiated but is likely to be about Dr160bn (£457.6m). The purchase will mark the final stage of a $2.5bn (£1.25bn) Greek air force procurement programme dating from October 1984. Greece already has 40 F-16s, bought from General Dynamics, the manufacturer, under a deal that included a number of offset agreements.

The Greek government believes that delays in implementing the offset accords, which included a $50m investment programme and manufacture of F-16 components in Greece, reduced their potential value for the economy.

It also wants to avoid prolonged bargaining this time in case production of F-16s is phased out earlier than expected. Otherwise, Greece could find itself in the awkward position of receiving the aircraft from Turkey, its Nato ally but rival for control of the *Aegean Sea. Turkey has a joint* venture agreement with General Dynamics to make the F-16.

Meanwhile, a dispute with Dassault of France, supplying the Greek air force with 40 Mirage 2000 combat jets, was resolved last week. The contract was amended to cover upgrading of the air-to-air radar on 28 aircraft already delivered.

After Greek pilots flying the Mirage 2000 complained of radar failures in rainy weather, the government refused to take delivery of the remaining 12 aircraft under the existing contract.

Under the revised agree*ment, Dassault is also to pro*vide, free of charge, a Falcon 900 military transport fitted out as a passenger aircraft. It will be used by Greek government officials.

Airlines face cut in new launches

By Paul Betts, Aerospace Correspondent

OVERCAPACITY in the commercial aircraft industry, rising costs of new product development, and airlines' continuing financial problems will lead to a sharp cut in programme launches over the next two decades.

This warning was given by Mr Adam Brown, planning director of the European Airbus consortium, at a Financial Times conference yesterday.

The three leading aircraft manufacturers, including Boeing, Airbus and McDonnell Douglas, had launched a total of 19 new or important aircraft *derivative programmes during* the past 20 years.

"I find it extremely difficult to envisage more than a quarter this number - that is, at a maximum four or five - major product launches in the next 20 years", Mr Brown said. Future programmes are expected to include a new 400-600 seater super jumbo aircraft, a second generation supersonic airliner to replace Concorde, and new derivatives of existing widebody and narrowbody twin-engine airliners.

FT WORLD AEROSPACE AND AIR TRANSPORT CONFERENCE

Overcapacity has largely resulted from the new aircraft order frenzy by airlines from 1988 to 1990 which has created a total firm order backlog equivalent to five years of future production compared to the industry's historical average of just over two years.

From peak delivery levels of this year, Mr Brown expected aircraft industry business volumes to shrink from 800 deliveries this year to about 400 in 2004, picking up to around 600 aircraft a year by 2008-2010.

The industry remains optimistic about long-term growth prospects for air travel and new aircraft demand, but future aircraft delivery forecasts would ultimately depend *on the ability of airlines to* finance new aircraft purchases.

"The key challenge facing airlines in the 1990s is not one of shortage of aircraft as in the late 1980s, but of a shortage of capital," Mr Maurice Foley, deputy chairman of GPA, the Irish aircraft leasing group, said. The airline industry's huge losses during the past two years were catastrophic for a business which needs to finance at least $30bn (£15bn) a year in new aircraft.

"Since mid-1990, the world airline industry has lost at least $10bn, an amount roughly equivalent to its entire earnings in the previous six years," Mr Foley said. "For any industry, such a setback would be a significant blow: for one which must finance over $30bn-worth of assets per year on average, it is a catastrophe."

Similar concerns were echoed by Mr Brian Rowe, head of *US General Electric's* aero-engine activities.

He said the main question facing the industry was: "How do we continue to develop large commercial engines when our customers are losing multi-billions of dollars a year and it seems they are still a few years away from relief?"

Production set to yield £11bn to UK treasury

Britain could recover EFA outlay

By David White, Defence Correspondent

Turbo-Union RB199 engines stand ready to be installed in the second EFA development aircraft

THE UK government is likely to recover the full value of its investment in the European Fighter Aircraft (EFA) if it goes ahead with the programme, Mr John Weston, a *senior British Aerospace offi*cial claimed yesterday.

Mr John Weston, chairman of BAe Defence, told a Financial Times conference that EFA production could yield over £11bn to the UK Treasury in taxes and revenues, including from exports. A world market existed for up to 3,000 aircraft of this category up to the year 2015. At the same time, he hinted at an imminent deal with Saudi Arabia for additional Tornado aircraft, predicting Tornado production would continue to 1996.

BAe production work on existing UK and Saudi orders for the Anglo-German-Italian aircraft has already virtually ended. *Rejecting suggestions* that the EFA was a "gold-plated super-bird," he said significant scope existed for cutting the cost of the project but the aircraft was already designed to be as small and light as possible.

Reports by the Eurofighter consortium and partner companies on prospects for making a cheaper aircraft would be available next month. These studies coincide with a review *of requirements by defence* chiefs of the four nations involved, including Germany, which has said it will not go ahead with production.

Mr Weston argued that industrial offsets associated with purchase of an alternative aircraft would "in no way" compensate for loss of technology or export business. He echoed complaints voiced at the conference by a senior executive of the US manufacturer *McDonnell Douglas* about what was seen as excessive government interference in management of defence contracts.

Mr Thomas Culligan, vice-president in charge of programme development and marketing, said US defence contractors had been subjected to "increasing government over*sight and regulation" in the* last decade. He urged "constructive change" in the procurement system to remove *obstacles to performance.* Mr Weston said similar problems existed in the way many UK contracts were managed, with companies having to cope with "armies of accountants".

NEWS: AMERICA

American poverty on the rise

By George Graham in Washington

Desperation on the streets of Detroit as the hesitant economic recovery fuels growing poverty

THE number of Americans living below the poverty line soared last year to its highest level since President Lyndon Johnson launched his War on Poverty in 1965.

The *US Census Bureau* reported yesterday that 35.7m people were living below the level it defines as poor – an *income of $13,924 for a family* of four, or $6,932 for someone living alone – compared with 33.6m in 1990.

In addition, Census Bureau economists said that the wealthiest 20 per cent of families had incomes averaging 8.4 times the poverty level, compared with a ratio of 6.1 per cent 25 years ago.

The new Census Bureau figures place 14.2 per cent of the population below the poverty line, up from 13.5 per cent in 1990 and 12.8 per cent in 1989, but lower than in 1982-1984, *during the last US recession.*

Earlier this week, the Commerce Department announced that personal incomes last year failed to keep pace with inflation for the first time in nine years. Average personal pre-*tax incomes* rose by 2.4 per cent, to $19,092, compared with consumer price inflation of 4.2 per cent.

Census Bureau statistics show that 40 per cent of adults defined as poor worked, and 9 per cent of them held full-time, year-round jobs.

Nearly three-quarters received public assistance in some form, and 29 per cent had no medical insurance.

Poverty was most pervasive in the south, where 16 per cent of the population were counted as poor. The poverty rate reached 14.3 per cent in the west, 13.2 per cent in the mid-west and 12.2 per cent in the north-east.

GM strikers see progress in talks

By Alan Friedman in New York

A SPOKESMAN for United Auto Workers (UAW) yesterday said progress was being made in the trade union's talks with General Motors (GM) over the Ohio strike, which has affected more than 30,000 GM workers.

Mr Reg McGhee, the UAW official, said a settlement was not yet in sight, but the union was cautiously optimistic the talks were moving forward.

The talks have been underway since August 28, when some 2,300 workers went on strike over job security and related issues at a crucial metal-stamping plant in Lordstown, Ohio.

Separately, an agreement was yesterday reached between GM and the UAW over health and safety issues at a Lordstown car assembly plant. *Although this accord will not* affect the strike at the metal-stamping plant – the source of the broader shutdown – the UAW official called it "a positive step that indicates the two sides are willing to negotiate an end to the situation."

The strike at the metal-stamping plant resulted in GM's decision to shut down production at a series of car assembly plants around the US, which were suffering shortages of components. A total of 32,500 workers – of GM's total US hourly workforce of 300,000 – have been *affected so far.*

Over the past week the following plants have been shut down because of the Ohio strike:

- The Tennessee plant that employs 6,000 workers assembles GM's low-priced Saturn model;
- The Lordstown, Ohio plant that employs 7,000 workers and assembles Chevrolet and Pontiac models;
- A Baltimore van plant with 2,900 employees;
- A Michigan plant with 4,200 workers that assembles Cadillacs and Oldsmobiles;
- A Buick and Pontiac plant with 4,200 workers in Wentzville, Missouri;
- A Buick plant in Flint, Michigan with 4,200 workers
- An Oklahoma Buick and Oldsmobile plant with 4,000 employees.

Abu Dhabi shares contested

By Alan Friedman in New York

A *FEDERAL* judge in Washington has been asked to order the Abu Dhabi government to hand over shares of First American Bankshares, the US bank illegally controlled by the collapsed Bank of Credit and Commerce International (BCCI).

The unusual legal wrangle was instigated by lawyers acting for Mr Harry Albright, the independent trustee appointed last June after the Federal *Reserve Board ordered that* First American be sold. This move came after BCCI admitted its guilt in secretly controlling First American.

Mr Albright said the court action was "essential" and followed "long and continuous negotiations" that failed to persuade Abu Dhabi to hand over the shares.

Mr Sandy Martin, a partner at the Washington law firm of Patton, Boggs and Blow, repre*senting Abu Dhabi,* said the First American shares had been registered in Mr Albright's name. However, some of the shares are held by Abu Dhabi as security on a $9.5m loan, "we believe that unless we are told otherwise by a court it is our obligation to retain possession of the certificates", he said.

Mexico to privatise nine ports

By Damian Fraser in Mexico City

THE MEXICAN government is to privatise the country's ports in an attempt to boost their productivity, the finance and transport and communication ministries have announced.

Mexico is to auction concessions to manage nine ports across the country, including those at Acapulco, Progreso, Lazaro Cardenas and Manzanillo. Puertos Mexicanos, the state ports authority, is to be *disbanded.*

The share of trade handled by Mexico's ports has been steadily falling over recent years, with the US port at Houston handling more Mexican goods than any national port, thanks to lower prices and greater reliability.

The privatisation is part of a broader government programme to privatise the country's infrastructure. The government has said it will sell off concessions to run selected airports, and has awarded concessions to build 3,700km of toll roads.

While the Mexican economy is slowing down, the transport and communication and construction industries grew by 7.6 per cent and 4.9 per cent respectively in the first half of this year.

Mr Pedro Aspe, the finance minister, has said Mexico will need another $4bn to complete the toll road programme. The government is designing international infrastructure bonds, but has urged the private sector to raise capital.

Collor scandal has put Brazil's economic reforms on ice

Political uncertainty has frozen the process of financial modernisation and seen old evils return, writes Christina Lamb

TO MANY Brazilian businessmen 1992 has been a *wasted year in the quest* for economic stabilisation. They have already transferred their hopes to next year.

In some ways, however, the economy has proved remarkably resilient to the corruption scandal which this week led to the initiation of an impeach*ment process against President* Fernando Collor.

Since the scandal began in May, stock markets have swung with the day's rumours but the currency has remained stable. August's monetary expansion was the lowest this year at 15 per cent and this *week the central bank suc*ceeded in selling $1bn of government bonds. Investment decisions are generally on hold, though the central bank said yesterday that the stock market last month suffered a net outflow of $80m in foreign capital.

What apparent stability there is is a tribute to Mr Marcilio Marques Moreira, the *economy minister, who says* his biggest achievement has been preventing Mr Collor resorting to massive spending or an economic shock programme alleviating the recession in the hope of winning some popularity. "You can't imagine how many people are *going to the president each day* and suggesting this," he says.

However the political uncertainty is producing a return to the process of protective pricing, pushing inflation above the 20 to 22 per cent a month level it has stuck at for almost a year. Mr Moreira, who once *predicted 2 per cent inflation* by December, now admits that "to push inflation down in this climate is very difficult and I don't expect it to decrease much this year".

The "Collorgate" crisis has had even worse effects on the government's attempts to balance its budget, distracting congressional attention from a US$20bn tax reform package *which the ministry warns* must be approved this year if Brazil is to avoid "fiscal disaster" and the collapse of its agreement with the International Monetary Fund.

Failure to implant fiscal reform means the economic team is continuing to rely on a *policy of high interest rates as* its only weapon against inflation. This has deepened industrial recession, causing a fall in tax revenues, while domestic debt grew 156 per cent in real terms in the first six months of this year – a problem the central bank governor refers to as "the elephant in the basement". More than 40 per cent of next year's budget is devoted to debt servicing and *amortisation.*

Tax revenues are expected to be down 13 per cent this year partly because of increased evasion spurred by the revelation of high-level corruption.

Next year's deficit-based budget, completed this week, highlights the parlous state of government finances. Unable to increase revenues, the government plans 22 per cent cuts in investment. This follows a 35 per cent, or US$8bn, reduction this year. Mr Moreira admits: "It's incredible how things are not collapsing with the cuts we have made."

Some Brazilian economists argue that the country is trapped in a cycle where tight money produces deeper recession leading to falling tax revenues and the issuing of more domestic debt to raise funds.

The policy is taking its toll on the private sector. *Last year* 249 of Brazil's 500 biggest companies finished in the red with combined losses of US$2.5bn. Some joke that the only people making money are those selling black cloth for use in the anti-Collor demonstrations.

But there is some good news. This year's exports are expected to reach a record US$36bn-38bn, producing a surplus of $15bn, partly because of a strong agricultural performance. The country hopes to achieve growth this year of 2 to 3 per cent compared with 1 per cent last year. Liquid foreign exchange reserves are at the record level of US$21bn, reflecting high foreign capital inflows – US$7.7bn in the first five months.

Mr Collor's supporters claim that the corruption charges against him *were provoked by* objections of "invested interests" to his modernisation programme of dismantling cartels and reducing tariff barriers. They are now spreading fears that a government led by Mr Itamar Franco, the man who would take over in the event of Mr Collor's ouster, *would aban*don this and resort to a shock programme, wasting all Mr Moreira's efforts at austerity.

However, what Mr Collor has done is forge a consensus behind modernisation which it would be difficult to go against. Mr Ulysses Guimaraes, an opposition congressman, says: "History will give Collor credit because he had the courage to confront monsters and taboos in the economy."

IMF ACCORD 'ON HOLD', SAYS MOREIRA

BRAZIL'S accord with the International Monetary Fund is "on hold" until the resolu*tion of* the corruption scandal, according to Mr Marcilio Marques Moreira, economy minister, writes Christina Lamb.

Mr Moreira said: "We are not unrealistic enough to want the impossible. It's unlikely that we'll receive any payments from the Fund this year."

Brazil failed to meet both first and second quarter fiscal targets of the $2.1bn agreement signed *in January and has drawn down no* payments since the initial tranche. A meeting to discuss new targets has been delayed and Mr Moreira *said yesterday: "We won't renegotiate* the targets until after the crisis."

However, he denied that the delay might jeopardise an accord with creditors over the country's $44bn commercial debt. The Brazilian draft termsheet was presented to the Advisory Committee of creditor banks in New York this week and Mr Moreira said, "We will certainly have the termsheet agreed and signed before *the IMF meeting on September 21.*"

Israel's Labour party to avoid radical budget

By Hugh Carnegy in Jerusalem

THE FIRST annual budget drawn up by Israel's Labour-led government, to be presented to the cabinet on Sunday, will contain no radical departures from the policies of the previous coalition ousted in the June election, finance ministry officials said.

But they said they were drawing up an extensive accompanying package of structural reforms which, taken together with the 1993 budget plans, could help produce the long-term growth promised by Labour when Mr Yitzhak Rabin defeated the Likud party.

The ministry's Shk98bn (£20.4bn) budget proposal, at this stage framed in 1992 prices, is almost Shk5bn less than expected expenditure this year thanks mainly to a sharp fall in Jewish immigration from the former Soviet Union, an associated cut in housing plans – including Jewish settlements in the occupied territories – and lower debt servicing costs.

Labour's promise to channel greater investment to development projects is reflected in a 26 per cent increase in infrastructural spending to Shk1.45bn.

But the plan avoids cuts in social and defence spending which together account for more than Shk40bn. The budget deficit is projected at 3.2 per cent of gross domestic product, compared with an anticipated 4 per cent this year.

Details of the reform package have not been released, but officials said it would include tax reforms, liberalisation of the capital markets, breaking existing monopolies in telecommunications, transport and agricultural marketing, loosening the state's grip on land sales and extending import liberalisation.

● Jewish immigration to Israel from the former Soviet Union last month was the highest for four months, continuing a trend of gradual recovery from a low point in May, but still only at half the level of a year ago.

The Jewish Agency said 4,933 immigrants arrived, a small increase over July but a significant rise over the 3,361 who arrived in May, the lowest monthly total since the wave of immigration began in late 1989.

Since then more than 350,000 former Soviet Jews have settled in Israel, which wants to attract a total of 1m by mid-decade to add demographic impetus to the state.

But high unemployment and poor living conditions led to a collapse in the immigration rate this year and was a factor in the election defeat in June of the Likud party government.

In the first half of the year, more former Soviet Jews went to the US or Germany than to Israel.

Jewish Agency officials said the increase in immigration since May could be a seasonal effect rather than the start of a longer-term trend.

Unemployment and other adverse conditions for immigrants have not appeared to have improved over the period. Some government officials have suggested that worsening economic and social conditions in some parts of the CIS may lead to a renewed surge in immigration.

Troops disarming an Uzbek militiaman in Kabul yesterday. One man was killed and six injured in the operation

Iran stalls UN ban on chemical weapons

IRAN moved yesterday to block a long-awaited treaty banning chemical weapons, threatening to delay an accord that has already taken 24 years to negotiate, Reuter reports from Geneva.

Iran made the move as the 39-nation Conference on Disarmament met to adopt the draft treaty and pass it on for approval by the United Nations later this year. The conference needed consensus.

Mr Hassan Mashadi, Iranian ambassador, told the UN-sponsored conference that it could not accept the proposed composition of a 41-member executive council which will police the treaty.

Mr Mashadi complained that European nations were twice as likely as Asian nations to get seats on the council.

He also complained that of nine seats reserved for Asia, four would be given to industrial powers such as Japan and said Iran would block consensus on the accord unless the article in question was deleted.

"Such procedures are not compatible with the goals we are trying to achieve here," Mr Mashadi said.

His attempts to change the treaty met with short shrift, however. Mr Michel Servais, Belgian ambassador, told him the text was "now as sacred as the Bible, Koran or Talmud".

The conference moved on to other questions while Asian member states met to try to defuse the crisis and allow it to be transmitted for approval by the UN later this year. Negotiations on the treaty, replacing the 1925 Geneva Protocol, began in 1968.

The draft treaty bans the use, possession and stockpiling of all chemical weapons.

Bombings mark split in Kenyan opposition

By Julian Ozanne in Nairobi

A BOMB exploded in Nairobi yesterday outside the venue for an opposition delegates' congress, raising fears of an eruption in violence between tribally based rival factions of Kenya's main opposition party.

Police fired teargas at the venue as clashes between stone-throwing rivals injured several supporters.

Police also removed an unexploded bomb from outside the house of Mr Jaramogi Odinga Oginga, leader of one of the feuding factions, hours before the registration of delegates for the congress of the Forum for the Restoration of Democracy (FORD) which will pick a presidential candidate.

Observers believe the stage is now set for a possibly violent showdown today between the two factions within the party. This would further erode the credibility of FORD ahead of the country's first multi-party elections in 26 years, expected next month.

The debilitating division in FORD has considerably boosted the electoral chances of President Daniel arap Moi, 68, who last year was under intense pressure to move towards political pluralism, clean up his human rights record and resuscitate an economy awash with corruption and mismanagement.

Western donors and the International Monetary Fund last November suspended aid worth about $40m a month until Mr Moi, who has ruled Kenya for 14 years, addressed these concerns.

In recent months FORD, which earlier this year was riding a crest of popular euphoria, has almost collapsed in a power struggle fuelled by ethnic conflict and personality differences.

Two wings have emerged, one led by Mr Odinga, who is a Luo, and which is supported by many young professionals who fought for an end to the one-party system. The other wing is led by Mr Kenneth Matiba and Mr Martin Shikuku. Mr Matiba is from the dominant Kikuyu tribe and Mr Shikuku claims to speak for the Luhya tribe, Kenya's third largest.

Both groups are playing the tribal card, which remains the single most important political factor in Kenya.

Party elections last month to choose delegates to the conference were chaotic. Several districts did not hold elections and there were widespread allegations of ballot rigging.

The division, expected to be made formal today, has allowed Mr Moi to exploit the disintegration in FORD and to travel the country to press his campaign themes of stability, unity and development for Kenya in a troubled region.

Western donors, with the exception of the US, have begun to look more favourably on Mr Moi's political position. The government has also made progress in tackling the three key economic issues raised by donors – curbing the budget deficit, restructuring the large and inefficient public sector, and curbing corruption.

An IMF mission will visit Kenya this month and is expected to approve government policies. This could bring resumption of aid – boosting Mr Moi's electoral chances.

Non-aligned talks target Bush policy

By William Keeling in Jakarta

CUBA yesterday accused the US of forcing it into poverty and hunger, and appealed to the non-aligned movement to support Havana in breaking the US trade embargo.

Mr Juan Bosque, Cuba's foreign minister, told the non-aligned summit in Jakarta that President George Bush's policy towards Cuba had become "more aggressive, more ignominious, more brutal".

The embargo had compounded the crisis caused by the collapse of the eastern bloc which accounted for 80 per cent of Cuban trade, he said.

Mr Bosque said Cuba had been closed off from any form of credit or development assistance, leaving the economy in a critical situation. He accused Washington of applying "immense pressure ... throughout the entire world to prevent our country from obtaining oil".

Describing the embargo as a "declared economic war", he said "imperialist aggression will not sway the Cuban people ... it will not make us renounce our principles and abandon our struggle".

The US was also attacked by Mr Taha Ramadhan, Iraqi vice-president, for its imposition of the "no-fly zone" in the south of the country. He said it was "an aggressive decision which violates the sovereignty of Iraq and against which we are mobilising all the peoples of Iraq".

Mr Ramadhan has invited representatives from the non-aligned movement to visit southern Iraq to "see for themselves how life is actually lived" and to "expose the falsity of the fabricated allegations floated around by the enemies of Iraq".

● The prime ministers of India and Pakistan held bilateral talks in Jakarta yesterday on the disputed region of Kashmir.

Mr P V Narasimha Rao, Indian premier, said the two countries would maintain a dialogue but he was not expecting instant success.

CONCERN GROWS FOR KABUL CEASEFIRE

By Farhan Bokhari in Islamabad

A PRECARIOUS peace was holding in Afghanistan yesterday amid concern that fresh fighting between mujahideen factions might break out if Uzbek militia forces in Kabul are not pulled out by tomorrow's deadline, agreed under a ceasefire last week.

The militia have been at the centre of a dispute between the government of Professor Burhanuddin Rabbani and hardline guerrilla leader Gulbuddin Hekmatyar. Mr Hekmatyar has been demanding the removal of the militia from the capital, as a condition for peace.

At least 2,000 people were killed last month when Hekmatyar troops pounded Kabul with rockets and gunfire. Another 100,000 fled the city in search of shelter and food. A ceasefire began at the weekend when the Afghan government agreed to the withdrawal of the militia. A new buffer force was to be placed between Mr Hekmatyar's forces and government troops to prevent fighting.

However, there were no signs that the militia was preparing to leave or that the buffer force would be in position by tomorrow. Although there has been no serious fighting this week, there have been allegations from both sides of ceasefire violations.

Move to end deadlock in Tajikistan

By Steve Levine in Dushanbe, Tajikistan

OPPOSITION leaders in Tajikistan made plans yesterday to end a month-long political impasse by dissolving the presidency, a day after demanding the resignation of hardline President Rakhmon Nabiyev.

The plan, which the opposition intended to put before a special parliament session today, came amid fresh fighting in the streets of the southern regional capital Kurgan Tyube. The city has been the centre of violence between Mr Nabiyev's supporters and his opponents, in which more than 2,000 have died and 100,000 have fled.

Observers say the proposed parliamentary move amounted to a political coup d'état.

"They'll declare him non-president tomorrow, either legally or not, and the diplomats are going to have an interesting time. Whom do we listen to?" asked a senior diplomat in Dushanbe.

Mr Nabiyev remained in hiding yesterday and protesters kept possession of his palace.

A senior KGB official said Mr Nabiyev had taken refuge in a Commonwealth of Independent States garrison in Dushanbe.

Mr Nabiyev, Tajikistan's former communist party boss, has steadily grown weaker since taking power in an election last year.

In May he ended a 51-day protest by handing over eight of the most powerful seats on his 24-member cabinet to the opposition. But last month he had to fight off yet another attempt to unseat him in parliament.

In its declaration on Wednesday, the opposition stopped short of stripping Mr Nabiyev of power. But in effect its plan achieves the same end.

Mr Nabiyev has not surfaced since protesters stormed his palace on Monday, saying he refused to stop his supporters from attacking opponents in Kurgan Tyube. The protesters were comprised mostly of refugees from fighting in the city.

Opposition leaders have severed television broadcasts from neighbouring Uzbekistan and one of two Moscow television channels, which they believe are hostile to Tajikistan.

The move further isolated this nation of 5m people, who share a 1,100-mile border with China and Afghanistan.

In July, Uzbekistan's President Islam Karimov cut all aircraft services to Tajikistan, fearing that weapons from the fighting could be smuggled in. A severe fuel shortage has limited trade to a trickle.

Seoul's growth target in sight

South Korea's economic planning minister, Mr Choi Kak-kyu, said yesterday he expected gross national product to grow between 6.5 per cent and 7 per cent in real terms during the second half of 1992, compared with a 6.7 per cent rise in the first six months, Reuter reports from Seoul.

His prediction puts South Korea on course to fulfill the government's target of cooling the economy by keeping GNP growth under 7.0 to 7.3 per cent for the year.

ANC shuns resumption of talks

By Patti Waldmeir

PROSPECTS for the resumption of talks between the African National Congress and the South African government received a setback yesterday when the ANC reaffirmed its two-month suspension of discussions on a new constitution and called for popular protest to put pressure on Pretoria.

ANC leaders emerged from a three-day meeting of the organisation's national executive committee to declare that resuming talks would be pointless until the government took firmer action to halt township violence. "Government must take steps to prove that it is not just paying lip service to the elimination of violence," said Mr Cyril Ramaphosa, ANC secretary general.

Earlier, the troika of European Community ministers met President F.W. de Klerk in their efforts to break the negotiations deadlock. They were due to leave South Africa last night after a two-day visit during which they met leaders of the main South African political parties.

Negotiations over the past fortnight between Mr Ramaphosa and Mr Roelf Meyer, minister of constitutional development, appear to have foundered over the issue of violence, and the release of ANC political prisoners, both ANC preconditions for the resumption of wider-ranging talks on a post-apartheid constitution.

The two men are to continue discussing this, but

it is unclear that the ANC can bring much more pressure to bear on government to force further concessions. After last month's week-long campaign of mass action, it is unlikely the ANC can mount another sustained campaign. And while talks remain deadlocked, business confidence will remain low as the country's worst economic recession in memory continues.

Britain's foreign secretary Douglas Hurd, leading an EC delegation to South Africa, talks to residents of Johannesburg's Alexandra township yesterday

South Africa to trim civil service

By Patti Waldmeir

MR DEREK KEYS, the South African finance minister, yesterday announced plans to cut central government employment by up to 5 per cent next year, a significant step toward tackling the bloated civil service as part of a structural adjustment programme for the economy.

Moves to trim the civil service, which has been used by National party governments since 1948 to provide near-guaranteed employment for white Afrikaners, have always been fiercely resisted. But faced with the prospect that a multi-racial interim government would expand the bureaucracy further, Pretoria has clearly decided to try to get staff numbers under control before such a government comes to power.

The move could prove politically controversial. South Africa's central government and provincial administrations employ some 750,000 people, out of total public sector employment (including state enterprises) of 1.7m. Some 600,000 of these employees are white, and most of those are conservative Afrikaners. Mr Keys said yesterday it was essential to "restrain the growth in the consumption spending of general government in favour of a much higher rate of fixed investment in new productive capacity". Toward that end, the cabinet had set new spending guidelines for government departments for the 1993-94 fiscal year involving a 3 per cent real spending cut.

He said President F W de Klerk had challenged heads of government departments to achieve this goal through productivity improvements, including staff cuts.

Mr Keys painted a bleak picture of the state of government finances for the current financial year, which ends next March.

He said he expects the government deficit before borrowing to equal at least 6 per cent of gross domestic product, 1.5 percentage points above the budgeted figure and nearly twice the 3 per cent figure used as a guideline by the International Monetary Fund.

This is partly the result of a shortfall in revenues due to South Africa's economic recession, the longest since 1908.

EC to fund troops for Somalia

By David Gardner in Brussels

THE European Community yesterday decided to take $27m (£13.5m) from unspent development funds to pay for Belgian paratroopers who will help protect UN relief operations in Somalia.

The controversial decision, adopted despite misgivings by the UK presidency of the EC, is intended to ensure that aid committed to Somalia gets past local warlords and reaches the starving.

Commission officials say it is the first time the EC has financed troops in an aid operation, and that this precedent means the EC can be more flexible in responding to such disasters in the future.

The UK was planning to oppose this use of development funds, which required the unanimous support of the 12. But, said one EC official, the British "were left out on a limb, so they shut up."

A UK official conceded that the "fall-out is likely to be in looking at other aid delivery programmes in more flexible ways than the small print traditionally allows."

Algeria takes another step in the slide toward civil war

In the wake of last week's bombs, **Francis Ghilès** sees growing conflict between fundamentalists and the ruling council

TWO MONTHS after Algerian President Mohamed Boudiaf was assassinated by a bodyguard, the bomb which last week killed nine people and wounded scores at Algiers airport marks another step down a road leading North Africa's largest country towards ever greater civil strife.

Worse is in store if one is to believe leaflets distributed by the banned Islamic Salvation Front (FIS) this week, which warned of attacks against those who "tell lies" - that is, political parties and journalists which support the five-man Council of State which, since the aborted elections of last January, has ruled Algeria.

The kilogramme of TNT which exploded in an airport crowded with immigrant workers returning to Europe after their annual visit home, and Algerians returning from holidays abroad, was designed to kill civilians. A telephone warning avoided a similar tragedy at the Air France booking office in the heart of the city, which was wrecked by a bomb.

These incidents follow scores of others aimed at civilian targets, such as town halls and telephone exchanges, and which mark a shift in the tactics of opponents of the regime.

Until the summer, terrorist attacks, most of them by FIS supporters or members of more radical Islamic groups, avoided civilian targets. At least 130 members of the security forces have died since January.

No one knows for sure who was behind the murder of Mr Boudiaf and who planted the bomb at the airport. The FIS never formally claimed responsibility for the late president's death, but said the fate which Mr Boudiaf met was inevitable. Although some powerful vested interests had much to lose from Mr Boudiaf's strong wish to combat corruption, the view that they were behind his murder remains unsubstantiated.

As for last week's bomb, the FIS has simply stated that it does not aim to kill its own people.

The "invisible hand" much loved of the Algerian press is at work again, and those Algerians who love to explain everything in terms of conspiracies can listen to radio and press reports which regularly accuse the CIA and the French special services of all the sins visited on Algeria.

The FIS, a broad grouping which eight months ago held 48 per cent of the popular vote in Algeria's first multi-party elections before the process was aborted, gives the appearance of being utterly fractured. The so-called "jazairist" majority, which had said it would respect the result of the poll, appears to have lost ground to the "salafist" hardliners whose conviction has, all along, been that violence alone could bring about an Islamic republic.

Salafist members have in recent weeks received vocal support from the dissident PFLP-General Command, a Palestinian dissident group led by Mr Ahmed Jibril, formerly headquartered in Syria but now backed by Iran, and from the Hizbollah Radio Baalbech. Two of its most prominent members were last week expelled from France.

Four things are clear, however:

● The determination of the Islamic activists to resort to ever-increasing violence.

● The desire for peace and order among broad sections of the Algerian public, who nonetheless show little overt support for their leaders.

● The equal determination of the authorities to fight back, using the security forces and professional soldiers.

● The unity of the army.

Whatever disagreements there may be on what exactly constitutes the right amount of force to deal with the FIS, there appears little disagreement about the need to restore the authority of the state.

Civil war is by no means inevitable, although the hearts and minds of the Algerian people have not yet been won by either side.

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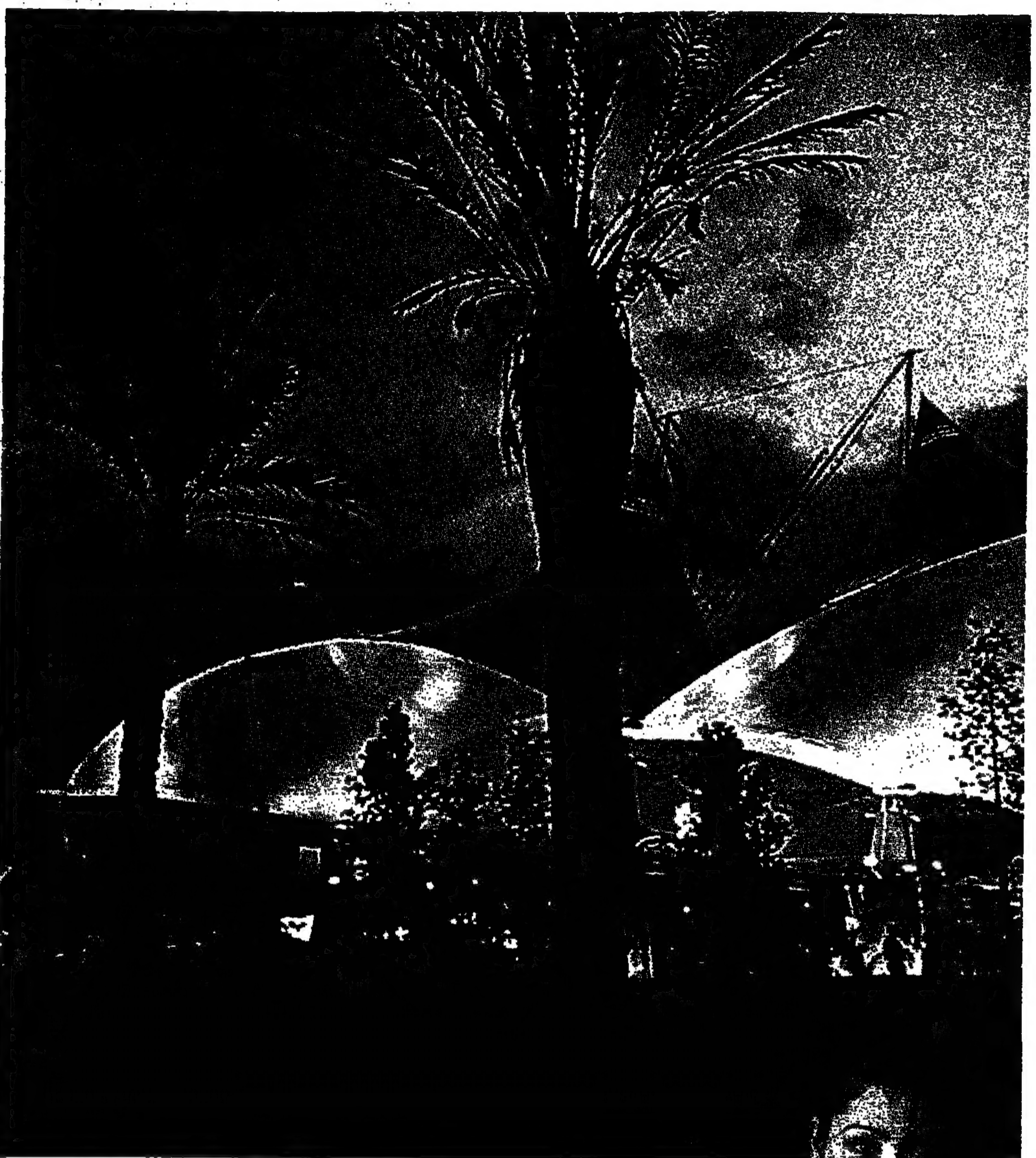
INFORMATION TECHNOLOGY

IT-WORLD NEWS

SPECIAL EDITION: INNOVATIVE APPLICATIONS



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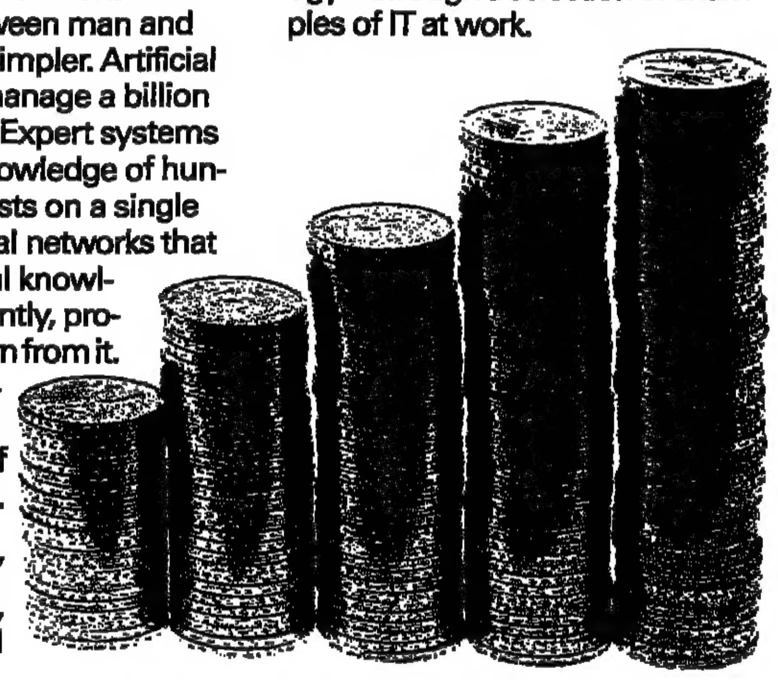
Munich: An investment of DM 1.7 billion in innovative technology is now paying off for Siemens Nixdorf customers.

In 1992, Siemens Nixdorf invests DM 1.7 billion, equivalent to one-seventh of its turnover, in developing innovative, trend-setting technology. In system architectures that open up new dimensions in performance and availability. In open networks that integrate systems of the most diverse sizes and types. And in increasingly intelligent programs that make communication between man and computer ever simpler. Artificial intelligence to manage a billion telephone lines. Expert systems that store the knowledge of hundreds of specialists on a single microchip. Neural networks that acquire empirical knowledge independently, process this and learn from it. Just a few examples of the innovative strength of Siemens Nixdorf. And, through 'Synergy at work' with Siemens AG, these benefits will increase. The result is the latest systems technology, such as the highly sensitive security system at the new Munich airport and the diagnostic and servicing system at BMW – examples of successful co-operation with customers. This special 'innovative applications' edition of IT-WORLD NEWS summarises the latest developments and trends in information technology – through a selection of examples of IT at work.



Seville: Siemens Nixdorf develops booking system for 7 million overnight stays.

For six months, Seville is the world's most modern city. And the most visited: 18-20 million visitors are expected in the Spanish city for EXPO '92, which has as its motto this year 'The Age of Discovery'. To handle the inflow of millions of visitors to this supershow of science and technology, not only has the number of beds available in local hotels, guest lodges and apartments had to be doubled. On top of this, things have to be perfectly organised, using Siemens Nixdorf's state of the art booking system called 'Sistema de Reservas de Alojamiento Hotelero Extrahotelero'. Starting with a C40 host computer, six WX200 workstations and 40 PCs – to give a computer link joining local accommodation with all booking offices at the EXPO site and in the city via X.25 interfaces. And any travel agent, from Oslo to Sicily, can access the system without having to use special terminals or networks – simply via view-data. A push of the key and, in a split second, the screen shows whether beds are available, in which hotel in Seville, plus how many, at what time and at what price. Siemens Nixdorf's new booking system enables the expected 7 million overnight stays during EXPO to be managed without a hitch.

Singapore: Island state builds on Siemens Nixdorf technology to design tomorrow's metropolis.

In only 25 years, Singapore has become Asia's most successful business centre, second only to Japan. It has met all the challenges that an attractive location brings; it has coped with massive population and industrial growth. Rapid urban development must be closely guided and the Urban Redevelopment Authority (URA) – the National Planning and Conservation Authority – has created a trend-setting regional planning project: ILUS (Integrated Land Use System). At its core: the most modern computer power from Siemens Nixdorf. It's a client/server concept – an H90 host, several MX300 computers, plus many graphics workstations with a great number of peripherals, and the SICAD geographical information system. SICAD analyses, categorises and stores data from many sources: from town and regional planning right through to socio-economic statistics. Using all this data, SICAD is already simulating the urban picture of Singapore as it may look in the next millennium.

SIEMENS NIXDORF

Helsinki: Self-service system for classified ads.

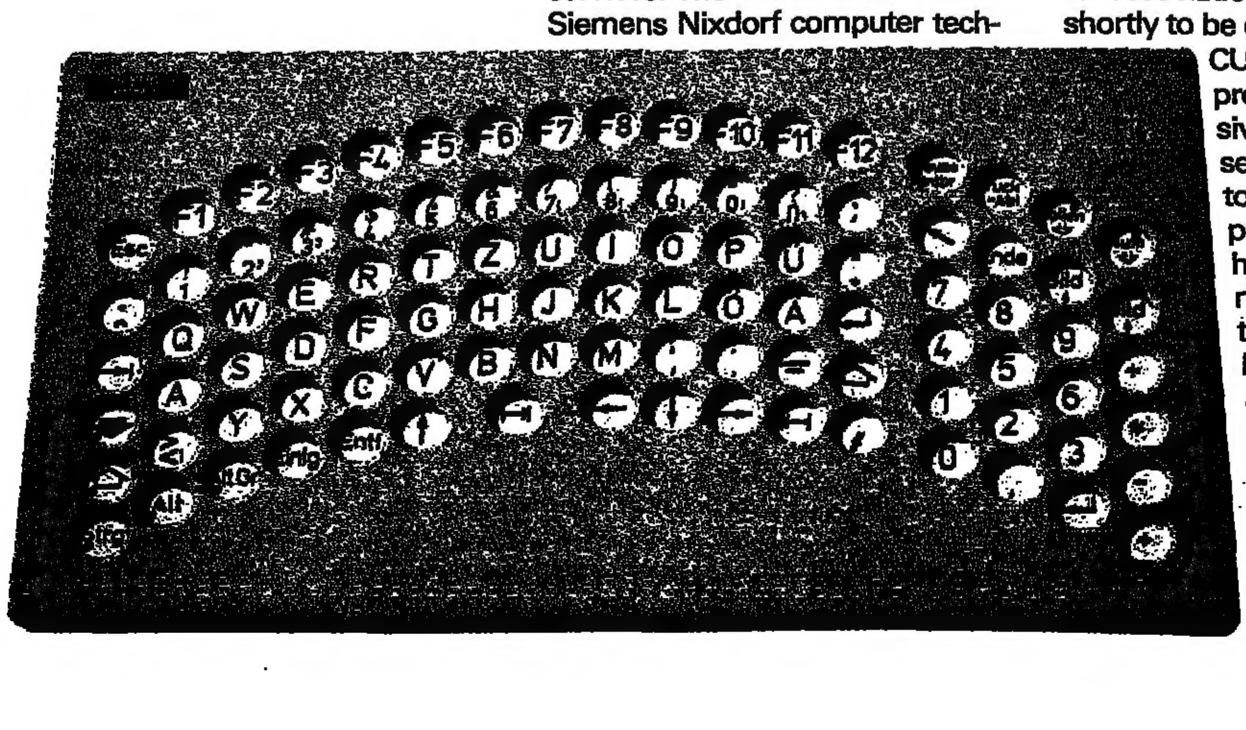
Helsingin Sanomat – the largest Scandinavian daily paper – has moved its classified advertisements department onto the street, where it occupies an area of just half a square metre. Here, customers can place their own advertisements. The answer is CSC, an external advertisement placement machine newly developed by Siemens Nixdorf, with software from Siemens Nixdorf subsidiaries ISGI and Monigraaf Oy. The do-it-yourself advertiser first presents his or her ID – a bank card which is fed into the machine. The screen shows what to do next. The advertiser keys in the text and is informed precisely where the advertisement will appear in the paper, and the cost. The amount is automatically debited to the customer's account. The CSC is a convenient solution for newspaper and customer: the finished advertisement is sent in seconds by remote data transfer to Helsingin Sanomat, where it can be incorporated immediately into the overall layout.

Erlangen: CONNEX expert system slashes lead times for measurement instrument manufacturer.

GOSSEN is internationally renowned for top quality measurement instrument technology. More than 100,000 orders come in annually, from large automobile manufacturers down to the smallest laboratory. Plus 400 new configurations daily. For the industry's market leader, time is money: the faster the run, the more profitable the business. To shorten lead times, GOSSEN has ordered the latest in computer power from Siemens Nixdorf: an H90 host running under BS2000, with high-performance multi-terminal systems using the SINIX® operating system. The CONNEX expert system, designed specially for measuring instrument technology, runs on this platform. It checks all customer orders, judges their feasibility, clears product variations and delivers complete production orders – plus all necessary component lists. The result: a huge competitive advantage for GOSSENS. Because with CONNEX, customers all over the world can be sure of prompt order processing and even shorter delivery times.

Cologne: Siemens Nixdorf improves workplaces for the disabled.

Modern technology can also benefit the disabled: it's demonstrated by Siemens Nixdorf in the Cologne community workshops – Gemeinnützige Werkstätten Köln, or GWK. Here, the mentally and physically disabled find an attractive workplace suited to their needs. A wide range of activities is available, from metal and plastics processing, packaging and printing work, through to an extensive selection of office services. The basis for this is Siemens Nixdorf computer technology – three MX 500 multi-user systems with a total of 45 terminals, and additional PCs that are linked to external databases. Specially developed keyboards can be adapted to any type of disability. They ensure that word processing or data processing programs can be operated with ease. All the work can be performed quickly and accurately, from preparing business correspondence and personalising bulk mailings, to producing membership databases for associations. The system is shortly to be extended to include CURE, a special training program which progressively introduces the severely handicapped to working with the computer. Siemens Nixdorf has made the community workshops an attractive supplier for businesses from all areas of industry – the best way to ensure the integration of disabled people into the working world.



Brussels: An expert system from Siemens Nixdorf for the Belgian Ministry of the Interior.

Take a comprehensive body of legislation which is constantly being amended and extended, frequently has different interpretations, is subject to regional differences, and – if that wasn't enough – also has to be written in two languages. To bring some clarity to this jumble of clauses and articles, the Belgian Interior Ministry took the initiative and, in a pilot project, commissioned Siemens Nixdorf to develop the legal 'expert' to handle leave entitlements and absences. It took Siemens Nixdorf a development period of just one year to come up with the tailor-made solution – the EXSYS expert system running on MX300 SINIX multi-user systems and MS-DOS PCs. A special application of the TWAICE proven expert system shell has a complete law library which can be connected to staff administration systems. EXSYS is the ideal legal assistant, providing advice to officials throughout Belgium on the basis of all the relevant articles and clauses. The system also takes current jurisprudence and precedents into account, and operates in either of the country's two official languages.

Munich: 'Synergy at work' running in top gear at BMW Customer Service.

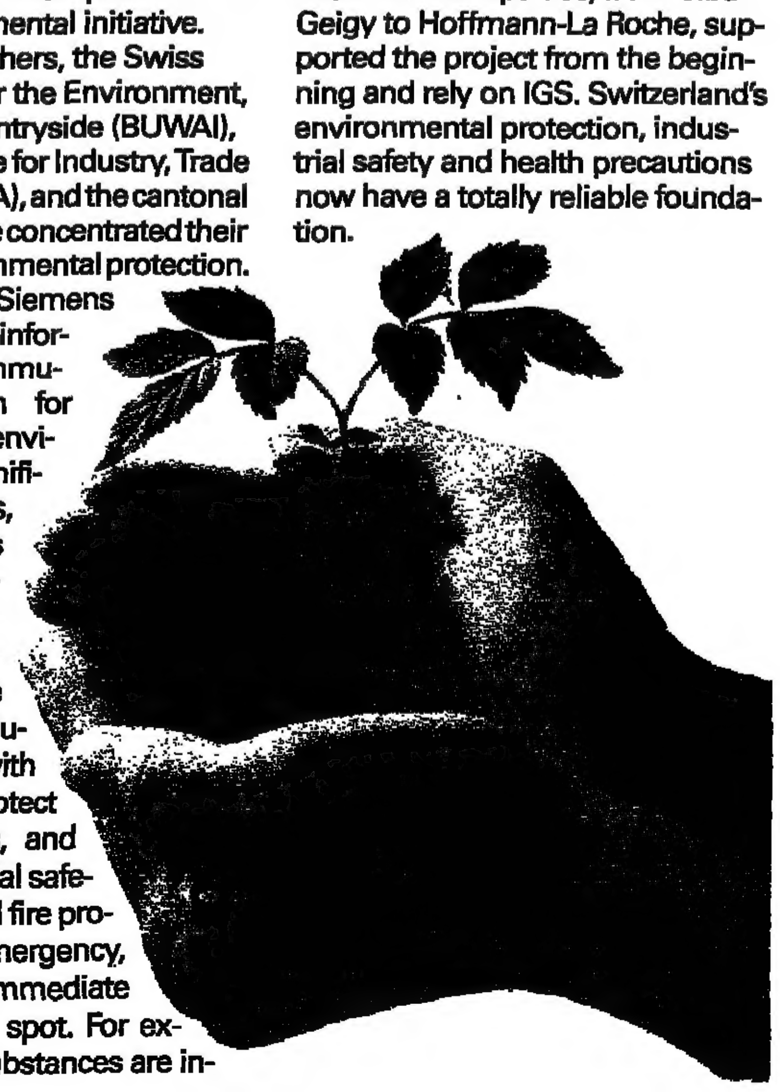
Ever safer, ever more efficient, ever closer to perfection – but as sophisticated as today's automobile technology may be, its maintenance is placing ever greater demands on mechanics and their equipment. For example, for accurate diagnosis of faults within the complex control systems of BMWs, the standard workshop equipment has been inadequate to the task. So the Bavarian car manufacturer has ordered 'Synergy at work', combining Siemens' latest automation systems and Siemens Nixdorf's information technology for servicing the latest automobile technology. TESTER, the diagnostics system from Siemens, immediately pinpoints problem areas on the vehicle. TIS, Siemens Nixdorf's technical information system, provides efficient back-up for maintenance and service. As an electronic workshop manual using CD-ROM, TIS not only reduces the flood of paper to a minimum; it also provides BMW service technicians with all the information they need – from details on the right tool for a particular job to a complete guide to repairs and installation. Both systems are combined in a comprehensive dealer information package with other Siemens Nixdorf components, such as the electronic parts catalogue and business management programs for processing orders and for job planning. 'Synergy at work' is running in top gear at BMW, providing a highly organised and efficient customer service.

Singapore: Oil company sets up à la carte service with Siemens Nixdorf.

To further enhance its customer service in Singapore, the American oil company Mobil has produced a trump card – using Siemens Nixdorf's new generation of outdoor card readers. The difference in the new system is that the terminals are no longer installed at the pump island as a standalone unit – they are integrated and built into each pump. The result: no more queues at the card reader and easier operation for the customer. Instead, you just drive up to the pump, insert your Mobil Personal- or Fleetcard and fill up. The sale amount is automatically debited into your account. The à la carte service is available to Mobil Oil customers round the clock. The card readers continue to operate even when the service station is unoccupied – during the night and over the weekend. Cashless payment, simple operation, rapid processing, convenience, 24-hour service – with the introduction of the new card reader system, Mobil is keeping its customers right up with the latest technology.

Zurich: Swiss cantons rely on an information system from Siemens Nixdorf.

Protecting the environment means setting standards and acting fast, instead of holding debates. Switzerland provides an example of a successful environmental initiative. Among many others, the Swiss Federal Office for the Environment, Forests and Countryside (BUWAL), the Federal Office for Industry, Trade and Labour (BIGA), and the cantonal laboratories have concentrated their efforts on environmental protection. Their choice: Siemens Nixdorf and its information and communication system for hazardous and environmentally significant substances, known as IGS. Its ingenious environmental database stores expert knowledge about 15,000 pollutants – along with applications to protect rivers and lakes, and covering industrial safety, emissions and fire protection. In an emergency, IGS provides immediate answers, on the spot. For example: if toxic substances are involved, what countermeasures and security precautions should be adopted. Research, co-ordination and organisation – the major Swiss chemicals companies, from Ciba-Geigy to Hoffmann-La Roche, supported the project from the beginning and rely on IGS. Switzerland's environmental protection, industrial safety and health precautions now have a totally reliable foundation.



Major rejects Labour bid to recall MPs

By Alison Smith

THE leadership of Britain's opposition Labour party reacted angrily yesterday as Mr John Major dismissed the party's formal request for a recall of parliament to debate international affairs and the state of the UK economy.

Mr John Smith, the Labour leader, said he was astonished that the prime minister had rejected the call for MPs to reassemble to discuss the crisis in the former Yugoslavia, Iraq and Somalia, and the British recession.

When the leader of the opposition asks for parliament to be brought back from recess, the request is usually granted.

Labour insisted the refusal was a political mistake which the government would find hard to explain, especially since those demanding a recall included some government supporters.

While there would have been clear political risks for the government in agreeing to an emergency debate on the economy, there was some surprise among Mr Smith's aides that Mr Major had not taken the opportunity to bring parliament back for a foreign affairs debate.

Responding to Mr Smith's letter, Mr Major said he had briefed the Labour leader after the decision to offer UK troops in support of the UN humanitarian relief effort in Bosnia and to establish a no-fly zone in southern Iraq.

"You agreed then that a recall of Parliament was not appropriate and I fail to see what has happened since then to change that view," he wrote.

Labour argued that it had not wanted to detract from the London peace conference last week, but deployment of British troops was now so imminent that the matter merited debate by MPs.

The opposition's request coincided with speculation in London that British troops could have joined the UN peacekeeping force in Bosnia within a couple of days.

Two weeks ago, Mr George Foulkes, an opposition defence spokesman, demanded the reassembling of parliament as soon as practicable because of the prospect of UK forces being deployed, but his call was disowned by party officials.

Mr Tony Newton, the leader of the Commons, said the attempt to recall parliament appeared to be the opposition's response to criticisms that it had been ineffective over the summer.

BINGHAM REPORT ON COLLAPSE OF BCCI

Abu Dhabi to weather criticism

By Jimmy Burns and Robert Peston

BRITISH officials are confident that criticism of Abu Dhabi's role in the Bank of Credit and Commerce International affair by the inquiry headed by Lord Justice Bingham will not be so severe as to risk an intergovernmental row.

Criticism of Abu Dhabi's role in the affair is far less extensive than that levelled at other institutions, in particular the Bank of England, according to officials.

Extracts from Lord Justice Bingham's final conclusions relating to Abu Dhabi were circulated among Foreign Office officials early last week after being delivered to the Treasury and the Bank of England.

This followed months of activity by UK diplomats aimed at limiting the damage the BCCI affair might do to relations between the UK and Abu Dhabi, the majority shareholder in BCCI – the United Arab Emirates was last year the UK's second major trading partner in the Middle East, after Saudi Arabia.

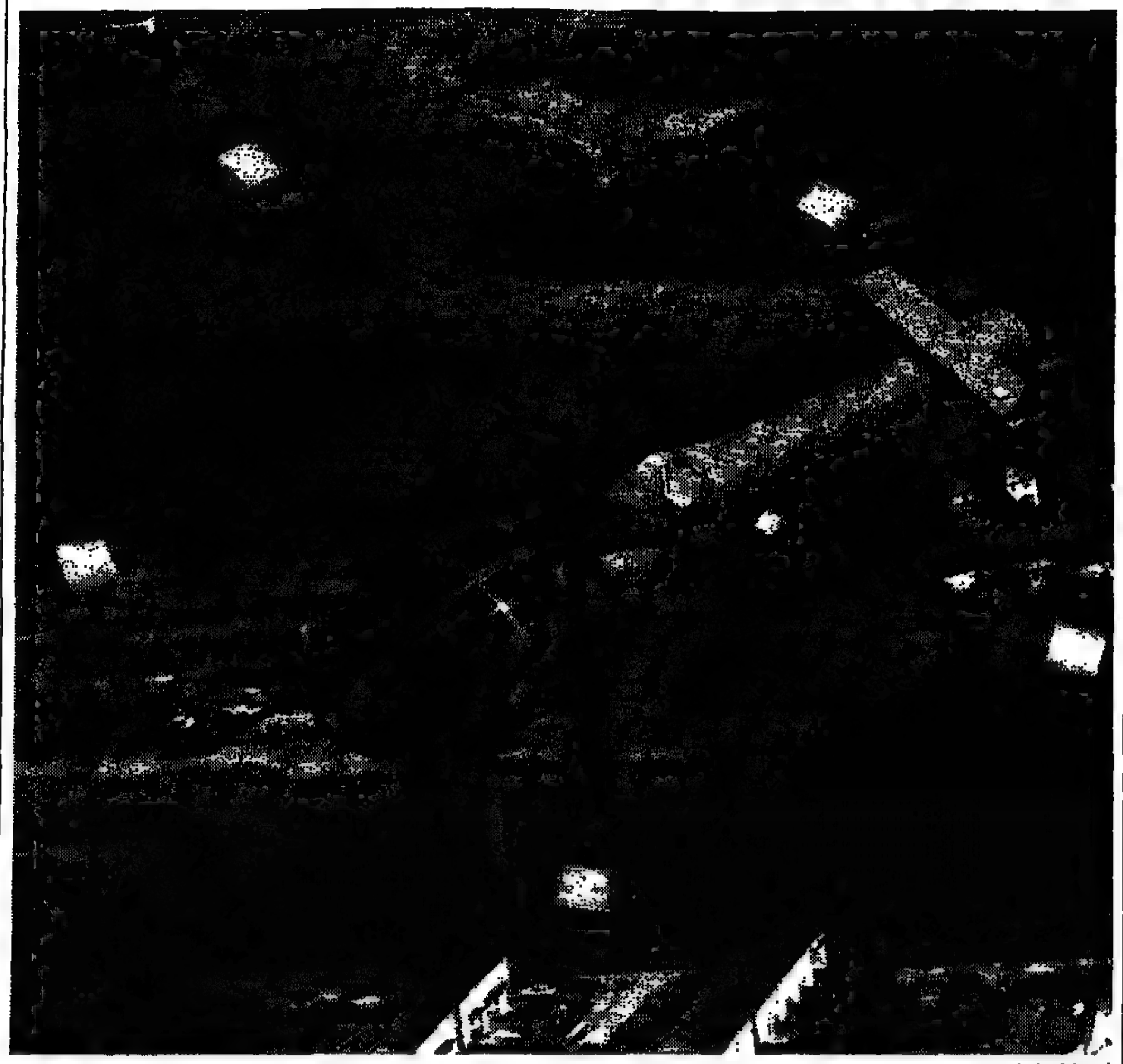
A draft of the Bingham report criticises Abu Dhabi for delaying giving the Bank of England information on the scale of the fraud at the collapsed bank. It highlights a nine-month delay in communicating details of the huge losses and fraud – including the theft of \$2.2bn (£1.15bn) of Abu Dhabi's funds – as a serious omission.

It is understood that Abu Dhabi is considering a study prepared by the Ministry of Defence on how UK military personnel and defence equipment could be used in the reorganisation and modernisation of the UAE armed forces, which Britain considers an important ally against Iraq.

● The government will eventually have to deal directly with Abu Dhabi, Mr Keith Vaz, the Labour MP who chairs the parliamentary group on the collapsed bank, said last night.

He predicted that creditors would reject the \$1.7bn compensation plan proposed by Abu Dhabi and liquidators Touche Ross, forcing the government to intervene.

US Senator John Kerry is understood to have accepted an invitation to visit the UK to tell MPs about the findings of his investigation into BCCI. Mr Vaz said that investigation is likely to produce fresh insights into the affair not fully covered by the Bingham enquiry.



Ashley Ashwood

NO TAIL ROTOR: The unique US-built McDonnell Douglas MD 520N en route for Farnborough and the International Air Show.

Moscow in Farnborough sales push

By Paul Betts, Aerospace Correspondent

THE RUSSIAN AEROSPACE industry is mounting an unprecedented marketing effort to sell its military and commercial aircraft in the west and seek new western collaboration ventures at the Farnborough Air Show next week.

Sir Barry Duxbury, the director of the Society of British Aerospace Companies (SBAC), organiser of the show, said yesterday that 437 Russian officials were expected at Farnborough including 81 VIPs from the Russian government and leading aerospace companies and design bureaus.

Speaking at a Financial Times aerospace conference, he said this reflected the significant push Russia was making to market its aerospace products this year. "We've never had such an attendance with all the Russian decision makers present," he said.

"They clearly see aerospace as one of the few areas from which they can derive economic benefit and earn hard currency," he added.

Russia will exhibit 20 different aircraft of which seven have never been shown in the west before.

They include the YAK-38 and YAK-141 vertical take-off fighters, Sukhoi Su-24MP swing-wing attack aircraft, the Su-35 twin turbofan fighter, the Tupolev Tu-22M3 swing-wing long range bomber and maritime reconnaissance aircraft, the Kamov Ka-50 twin turbine combat helicopter and the Su-29T aerobatic aircraft.

The Tupolev Tu-204 twin engine passenger aircraft powered with Rolls-Royce engines will also be making its world debut at Farnborough.

Rolls-Royce executives yesterday indicated that Russia planned to market the aircraft essentially in the former Soviet Union and East European countries.

Mr John Weston, head of British Aerospace's defence activities, said the Russian presence was significant because it confirmed Russia's aggressive world programme.

Traditional family now in minority

By Alan Pike,

THE traditional family of mother, father and young children living together has become a social minority.

During 1990, the proportion of households containing two parents with dependent children was overtaken for the first time by those consisting of people living alone.

This makes households conforming to the conventional view of the family the smallest of the three main household types in Britain.

The General Household Survey, published yesterday by the Office of Population Censuses and Surveys, shows that by 1990 26 per cent of households contained only one person, compared with 25 per cent made of up married or cohabitating couples with dependent children.

The biggest of the three main household types – married or cohabitating couples without dependent children – accounted for 36 per cent of households.

Single parent families face what the survey describes as "striking" differences in income compared with other families.

In 1990 a majority of single-parent families – 53 per cent – had a weekly income of £100 or less, compared with 4 per cent of two-parent households.

Kevin Maxwell bankrupt

By Raymond Hughes and John Mason

MR KEVIN Maxwell, whose father, Robert Maxwell, was one of Britain's richest men, yesterday became Britain's biggest ever bankrupt, with debts of over £400m.

At the end of a private hearing in London a bankruptcy court registrar declared Mr Maxwell bankrupt on a petition presented by the liquidators of Bishopsgate Investment Management (BIM), a company from which millions of pounds of Maxwell empire pension funds were removed.

Outside court Mr Maxwell said: "Bankruptcy is a very public humbling."

He said the bankruptcy order had been inevitable after the £406.8m order the liquidators obtained on July 20.

The liquidators had claimed about £450m for Mr Maxwell's alleged breaches of fiduciary duty as a director of BIM. The court gave them final judgment when Mr Maxwell failed to put in a defence and ordered him to make interim payments totalling £406.8m pending assessment of his liability.

The bankruptcy proceedings were launched after that judgment, the liquidators using a procedure under the Insolvency Act enabling them to petition within three weeks of serving a statutory demand for payment of the debt.

Britain in brief

BBC plans a return to public service

The BBC is planning a return to its public service origins in order to justify its future.

Confidential documents prepared for the Corporation's board of management and governors show that the BBC is planning to abandon programmes already provided by commercial rivals.

Instead the BBC will concentrate on what is distinctive and what it believes the commercial market will not provide. What the draft report describes as "derivative formula" comedy shows and unchallenging game shows will get the axe.

The blueprint for the future of the BBC under Mr John Birt, who will take over as director general on March 1, was due to be published later this autumn.

Offshore yard faces job cuts

The UK's biggest offshore module yard warned it may have to shed 1,500 jobs next spring unless it wins new orders it is pursuing against intense competition.

The warning from AMEC Offshore, which operates extensive facilities on the Tyne and currently employs 3,500, underlines the serious job loss implications of the downturn in the offshore industry.

In the last 10 days alone, north east England, the European centre for construction of topsides for oil and gas field rigs, has lost nearly 400 jobs in its offshore sector, in recent years one of the most buoyant areas of the economy – 200 at Redpath Offshore on Teesside, part of the Trafalgar House group, and 196 at AMEC Offshore, including 78 which take effect today.

Problems beset council tax

The value of many homes in England appears to be considerably lower than the government estimated when planning the new council tax, according to figures published by the Association of London Authorities.

Provisional results from the valuation of homes show that millions of households will be in lower tax bands than estimated. The government appears to have over-estimated values most in inner-city areas.

The tax rates for each band will have to be higher than originally estimated if the council tax – levied to pay for local services and amenities – is to raise the planned total when it replaces the poll tax next April.

Gloomy car figures expected

New car sales figures for August to be published today are expected to show that registrations were virtually unchanged from a year ago at around 370,000.

The result is a serious setback for the UK motor industry, which had hoped that August would mark the beginning of the long-awaited recovery in new car demand.

Auditors to tighten rules

Ernst & Young, the accountancy firm, has been forced to tighten its internal control systems following the discovery that one of its long-standing partners was found by the accountants' disciplinary committee found that he "misappropriated" more than £300,000 last year.

Mr Andrew Oakley, who was a partner in the firm for more than 20 years, has been dismissed and excluded from membership of the Institute of Chartered Accountants in England and Wales.

Ernst & Young confronted Mr Oakley in spring this year, fired him and referred his case to the disciplinary committee of the Institute, which last month excluded him from membership and ordered him to pay costs of £350.

Shipyard hit by strike

More than 500 electricians employed by Swan Hunter, the Tyneside shipbuilder, staged a 24-hour unofficial strike yesterday in protest at electrical training given to boilermakers on the company's payroll.

The action, condemned by senior union officials, highlights the problems faced by UK yards maintaining a balanced range of skills.

Separately, Yarrow Shipbuilders GEC's naval shipyard in *Glasgow*, is to axe *510 jobs* because of a gap in orders.

Gold goodbyes 'cost £33m'

Ninety large companies have paid 227 departing directors a total of nearly £33m over the past 18 months according to the Labour Research Department. The LRD analysis , which covered companies paying out "golden handshakes" worth over £100,000, showed an average pay-out of £144,720. At least nine directors got more than £400,000 each. Last year a similar exercise found 85 companies giving 186 directors a total of £25.1m, an average pay-off of £135,079.

Homing in on a new place to work

BT is to let 8,000 people work at home.Is it a revolution? ? **Diane Summers** reports

THE announcement that managers and professional staff at British Telecommunciations are to be allowed to apply to work from home must have left many British commuters wondering this week how they managed to miss the revolution that makes "teleworking" so apparently straightforward.

BT, the former state-owned telecommunications operator, says the agreement it has reached with the managers' union, the Society of Telecom Executives, could mean up to 8,000 employees becoming eligible for the homeworking scheme. The company would continue to provide the same pay and benefits to those who chose to work from home, as well as meeting extra heating and telephone costs.

From the employee's point of view working from home brings obvious benefits, such as extra flexibility in hours and the elimination of travelling time. For the employer there is the prospect of cutting office overheads and seeing productivity increase.

The teleworking revolution has clearly yet to happen. A handful of companies, particularly in the new technology field such as CPS, the ICL software subsidiary, have a largely home-based workforce. Others have introduced teleworking on an ad hoc basis to retain particular employees, or are experimenting with small groups of workers. British Airways has just finished a six-month trial with a dozen employees in its information management department.

There has been a steady stream of BT publications and surveys extolling the virtues of teleworking in recent years. The latest, called The Economics of Teleworking, concluded that productivity per worker increases by an average of 45 per cent when the switch is made to working at home.

The question remains whether the teleworking revolution will ever take place – or remain merely a fantasy in the mind of futurists.

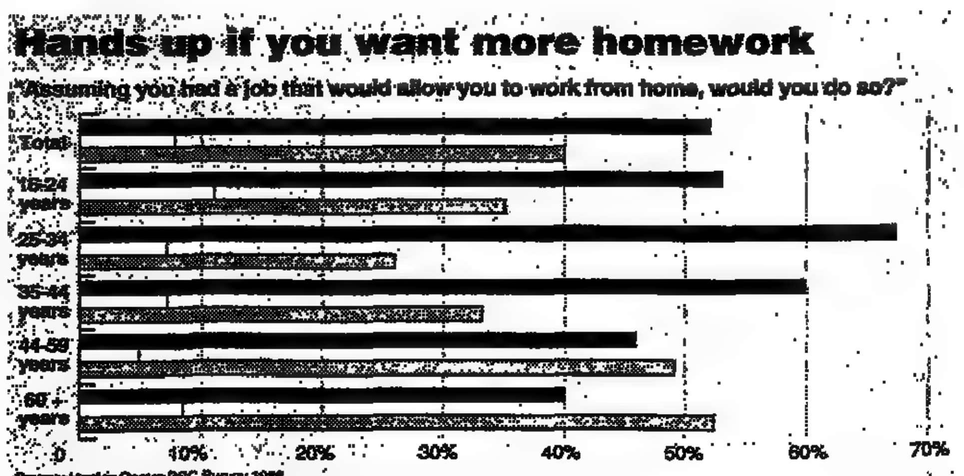
Mr Andrew Wilson, a researcher for Sussex University's Institute of Manpower Studies, considers it is "unlikely that there will be a wholesale substitution of the workplace from the office to the home".

Mr Wilson identifies a number of potential constraints on the wholesale development of teleworking, not least of which is the unwillingness of organisations to alter their management techniques radically.

Teleworking demands more formalised management procedures and may require an increase in the management time devoted to each employee. The study quotes research into one of the longest-standing teleworking operations, at FI Group, a software developer. This research apparently revealed that each manager at the company supervised fewer than half the number of staff managed by counterparts in other British software companies.

The lack of visibility also has an effect on employees. The dangers of individuals becoming lonely, and feeling deprived of the social advantages of working with other people, are easy to imagine.

According to the Henley Centre for Forecasting only about half of employees would want to work from home, even if their jobs allowed for it.



Source: Henley Centre PSC Survey 1988

Teleworking advantages for companies
Scores out of five

Increased efficiency	4.1
Increased productivity	4.0
Cost savings	3.7
Relocation	2.2
To avoid redundancies	2.1
Problems finding suitable staff	2.1

Source: Gallup

Benefits to employees
Scores out of five

	Total	Employed	Self-employed
Convenience	4.3	3.8	4.4
Flexible hours	4.1	3.8	4.2
Not having to travel or commute	3.7	3.0	3.9
Cost saving	3.5	3.0	3.7
A better lifestyle	3.4	3.2	3.4
Improved productivity	3.2	3.3	3.2
Base	250	64	186

Source: Gallup

THE PROPERTY MARKET

Prague awaits a second revolution

Vanessa Houlder on the low level of building activity in the Czech city

Prague city centre, where advertising hoardings point to the increasing presence of western goods

Prague's commercial property market is slowly emerging from the stranglehold of 40 years of communist control. But the virtual absence of cranes above the city's elegant skyline shows that it has not been a spectacular transition.

Prague's beauty is part of its appeal for foreign companies wanting a foothold in eastern Europe. But the need to preserve the city's heritage is also a barrier to the tide of modern office development. Foreign investors' high expectations following the overthrow of the communist regime in 1989 have been further dampened by worldwide recession, excessive red tape and concern about the split between the Czech lands and Slovakia.

"Progress is slower than a lot of people originally anticipated," says Mr Richard Steer of Gleeds, the quantity surveyors, which has an office in Prague. Mr Michael Hodges of Jones Lang Wootton (JLW), chartered surveyors, says that the initial flood of enquiries from developers interested in the Prague market subsided "when they found they could not get through the bureaucratic barrier".

Nonetheless, the market is slowly developing. The early days after the revolution, when there was a wild scramble for office space led to monthly rents of up to DM100 a square metre. Today, prices have stabilised and the letting market is more open.

Leases, for example, now tend to be between two and five years and modelled on those of Austria and Germany. Before the revolution, buildings were let on the basis of a "commercial agreement", a document which merely stated the names of the landlord and tenant.

But developers and investors must still contend with inadequate telephones, poor infrastructure, disputes over land ownership, and difficulties in getting planning permission.

The confusion over land ownership is being resolved; Czech citizens have been allowed to claim property confiscated between 1948 and 1990, provided claims were filed by September 30 1991. However, several claims to the same parcel of land have created problems.

Construction is also becoming easier in Prague. Until recently, it was difficult to acquire materials locally. Before the revolution, when companies ran out of materials they sometimes abandoned work. The materials for Prague's Atrium Hotel, for instance, were brought by truck-load from France. Gleed's Mr Steer says that it is now possible to use local construction groups for most jobs except the installation of lifts and air conditioners. As a result, construction costs can be 30-40 per cent less than in the UK.

The break-up between the Czech lands and Slovakia has frightened potential investors

Other problems, such as foreign investment, have been exacerbated by the break-up between the Czech lands and Slovakia; political uncertainty has frightened potential investors.

But these fears are overdone, in the view of Czechs, who believe that Slovakia will be the loser from the political split. They say that the Czech lands have attracted the bulk of foreign investment and have a more diversified economy that contributes between $300m and $1bn in subsidies to Slovakia every year. The relative affluence of the Czech lands is underlined by the presence in Prague of international retail chains such as clothes retailer Benetton, McDonald's, the fast-food chain, and furniture supplier Ikea, and the sale of western goods in shops.

Nonetheless, political uncertainty is checking the expansion of western companies. So too, in some cases, is the civil war in the former Yugoslavia. "A surprising number of foreign investors are ignorant of where these places are," says Mr Chris Bennett of accountancy firm Price Waterhouse, which has offices in Budapest, Prague and Warsaw.

Tourism in Prague has also levelled off. In sharp contrast to the experience of the past two years, hotel rooms are now obtainable at short notice. Some developers suggest bureaucracy is also becoming more entrenched as officials become more burdened with the paper work associated with the transition to a market economy.

Permission to build the Atrium Hotel, for instance, needed to go through more than 100 stages of approval. (Prague, the Czechs recall, provided the bureaucrats of the Austro-Hungarian empire.) The difficulties of getting planning permission are largely due to the city's desire to preserve its baroque heritage, which means that most development work will be confined to refurbishment.

There are some exceptions. In the case of the European Business Centre, the first new office building to be completed since the revolution, the developers, the Vienna-based European Property Development company, set back the façade to accommodate four more floors.

The difficulties in the market are not wholly the fault of obstructive bureaucrats. Much of the problem in assessing how the market will develop lies with the overambitious and underfunded developers.

Many schemes have been proposed and then dropped. "Some entrepreneurs raising bank debt created a bigger animal than they could cope with," says Mr Angus McIntosh of Healey & Baker, chartered surveyors. "They bit off more than they could chew in terms of finance and planning permission."

The Czech authorities' slow decision making and the unreliability of foreign developers also hamper the compilation of statistics about the market. JLW has had a rough stab at estimating market size; it says that 10,000 sq m of refurbished office space is available, while another 40,000 sq m is in the pipeline.

Nobody can be certain about how demand will respond when the developments comes on stream. JLW says rental levels will eventually be sustained by the emergence of local businesses able to afford modern offices. Rents will not sink below a monthly rate of DM50-DM55 a square metre, it predicts.

Among foreign investors, Germans, followed by Americans and Austrians, lead the pack. French companies have also been active. The largest office development project under construction in Prague is the 24,000 sq m International Business Centre, built by CBC, the French construction company. Another prominent site in the city centre will be developed by France's La Caisse des Depots et Consignations.

In contrast, there is little sign of an investment market developing in Prague. Some buildings have come on to the market after they were reclaimed by their former owners. However, these properties were offered at inflated prices, resulting in few sales.

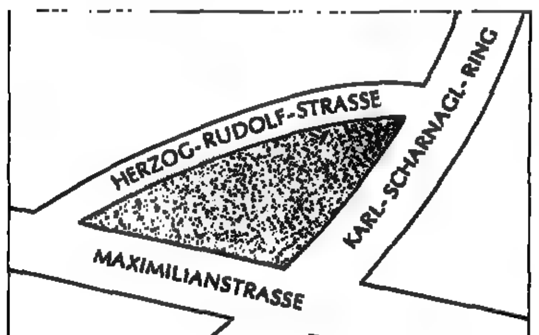
According to JLW's Mr Hodges, an investment market might develop over the next 12-24 months, if the country attains political stability and if there is sufficient investment class property. He predicts that Prague's property market will reach the same stage of development as Budapest in a few years.

For all the problems that investors and developers have encountered, most dealers in the market are optimistic about its future. "In five years it could be a blue chip market," says Gleeds' Mr Steer. Mr Phil Hudson of property consultants East 8 agrees. "The potential is tremendous," he says.

RENTAL GROWTH (%)

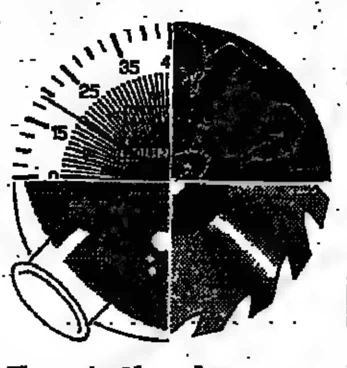
	Retail	Office	Industrial	All Properties
Year to July 92	-1.6	-13.4	-5.6	-7.0
Quarter to July 92	-0.6	-3.6	-2.6	-2.1
Month of July 92	-0.2	-1.3	-0.7	-0.7

Source: Investment Property Databank



TECHNOLOGY

Worth Watching - Jennie Lynch



Encryption keeps faxes top secret

Intercepted fax transmissions, obtained by fair means or foul, can seriously compromise the wealth of a company.

But a new fax cum scrambler, the Ascom Fax 260, developed by the Integrated Security Group based in Essex, enables compatible machines, linked by personalised smart cards, to transmit top-secret messages between authorised parties.

Faxes transmitted through mis-dialling or intercepted by line-tappers appear as illegible gobbledegook on the new machine. When not in "encryptor mode" the machine functions as a normal fax.

The fax cum scrambler costs around £1,000 and is already being tested by the Pentagon and the Intelligence Services in the US. British Telecom approval for its use in the UK has just been obtained. Integrated Security Group: UK, 0268 527700.

Fast printers to cope with the load

Printing lengthy reports or documents, so often a slow and tedious process, could be quicker and less fiddly using the latest laser printers from Compaq.

The Pagemaq 15 and Pagemaq 20 are capable of printing 15 and 20 pages per minute respectively. Both have a paper capacity of 1,500 sheets, thus minimising trips to the printer to reload.

The new printers connect directly to Novell and Apple networks and can cope with input from five sources simultaneously. The incorporation of Adobe PostScript and PCL5 page description languages means only one printer is required to satisfy the needs of two different software systems.

The Pagemaq 20 is aimed at networks of up to 20 users each; it retails at £3,295. The Pagemaq 15 is slightly cheaper at £2,625 and may be better suited to smaller concerns. Compaq Computer: UK, 081 332 3354.

No revelations on the cards

The problem with credit cards is that banks and retailers can build up detailed dossiers on customers without their knowledge or permission.

The latest smart cards, incorporating computer cryptography, allow items to be bought or cash withdrawn without the bank or retailer knowing details of each transaction.

The card, which contains a microchip, keeps a tally of expenditure and lets the owner authorise every transaction using a personal identification number.

The new cryptographic security feature is based on extended "public key" techniques and incorporates a scrambler to separate bank from customer and customer from store. DigiCash: The Netherlands, 31 20 665 2611.

Magnesium bicycle peddles in from sea

Norsk Hydro – the world's largest producer of magnesium – has branched out into the bicycle business.

Kirk Precision, part of Norsk Hydro and the brainchild of engineer Frank Kirk, has spent 10 years pioneering high-pressure, high-temperature die-casting of magnesium alloys. The process allows a lightweight bicycle frame to be made in just four seconds from the biggest die-casting machine in the world.

Magnesium alloys for bicycle frames offer several advantages over other metals: they are one-third lighter, corrosion free, strong and environmentally friendly.

The 2.5kg of magnesium required for each frame can be extracted from 1.6 cubic metres of sea water, and if the frame was returned to the sea it would eventually dissolve back to its original state.

The company's mountain bike was voted "Off Road Bicycle of the Year" in Japan. Racing and city bikes are to be launched early next year. Kirk Precision: UK, 071 222 7541.

Heavies move in

After years of work in mass production, robots are taking on bigger jobs, writes **Andrew Baxter**

The drive for competitiveness and low-cost production may have made the car industry the natural home for the world's robot population, but Karlheinz Langner and his colleagues at IGM Robotersysteme have other ideas.

Langner, a managing board member at Austria's only robotics company, has his sights set on industry's heavy brigade. Less visibly than their counterparts in the car industry, but with increasing urgency, manufacturers of heavy equipment – anything from excavators to steel bridge sections – want to improve their product quality and reduce cycle times, increase their manufacturing flexibility and clean up their workplace.

All these issues, in varying degrees, have been tackled successfully by the mass-production car industry with the use of robots, but heavy industry is very different.

In recent years, many heavy engineering companies have been reticent about robots. They may have been put off by the robot suppliers' sales patter or unconvinced that a robot can cope with welding, for example, a crane boom or bulk handling container, particularly if each item to be welded might be slightly different from the previous one.

Or they might simply have jibbed at the expense – as much as $850,000 (£175,000) for a sophisticated system with one or more robots, slides, gantries and devices to rotate a workpiece that could weigh as much as 15 tonnes. And having purchased a system, some customers have had to solve software problems themselves to get the robot working correctly.

But companies such as IGM, which celebrates its silver jubilee this year, are spending heavily to find new solutions for the use of robots in heavy industry, and that, in turn, broadens the market for the robot suppliers. Some sectors such as shipbuilding, for instance, are only now waking up to the opportunities for using robots, which were simply not available five years ago.

Anybody who has visited a modern car factory cannot fail to be impressed by the serried ranks of robots spot welding body sections or inserting dashboards. Such machines, however, are worlds apart from those produced by IGM, which specialises in arc or continuous path welding and some cutting robots, and its rivals at the heavy end of the welding equipment industry such as Esab of Sweden and Cloos of Germany.

A continuous weld is the norm in construction equipment, for example, to cope with the immense stresses to which plant will be subjected during its working life, and demands for high-quality welding are increasing.

Grappling with the welding of an excavator boom could require up to 16 axes of movement from the robot and its surrounding equipment, putting pressure on the robot supplier not only to design the system correctly in mechanical terms but to ensure that the software and sensor systems are sufficiently sophisticated and fast to cope.

In such a market, says Langner, understanding the customer's needs is of vital importance. But when almost every customer has a different problem that may require a customised solution, the challenge could be too great for a small company such as IGM, without the years of experience that produces a clear product strategy.

Each robot supplier has a different approach, but IGM's is based on two vital elements, says Langner: a modular design system to allow the company to respond to individual customers' needs without having to reinvent the wheel, and the decision to keep all control systems development in-house.

Broadening the appeal of robots to heavy industry requires a combination of developing the business end of the system (the welding itself), taking the robot's mechanical engineering to the limits, and constantly updating and improving the control systems.

IGM develops welding systems together with Fronius, an Austrian welding equipment company – for the customer, after all, the quality of the weld is the proof of the pudding. The robot supplier recently introduced a new high-performance welding technique known as Time (transferred ionised molten energy), developed originally by a Canadian metallurgical expert.

IGM has also developed an automatic head change facility, allowing welding to be followed by flame cutting in one continuous cycle. This is being used by a UK customer for welding steel bridge sections.

As in machine tools, however, while mechanical developments near their limit it is the brains of the robot system – its software and sensors, and the programming – that is receiving the lion's share of attention. This is where the acronyms really begin to proliferate.

So-called off-line programming, where the robot is set up for the next job without disturbing its present task, is particularly important when it could take many hours, if not days, to start up a new component on a welding robot.

IGM's latest contribution is IOPS, which uses computer-aided simulation of production cells and manufacturing lines to get the best configuration of the welding cell for each workpiece.

Another important result of the company's R&D work is ISIP, a new optoelectronic camera system for measuring weld grooves. This uses optical sensors to determine the position and geometry of the fabrication, underlining the growing importance of vision systems as the "eyes" in an increasingly complex "eyes-brain-hand" environment.

Perhaps the most significant development at IGM, however, lies at the heart of the robot software. In a few weeks' time, the company will have running a prototype of a new robot controller based on the transputer, the Inmos superchip. IGM had realised some five years ago that it needed to have a more powerful control system, says Langner, and the new controller will increase control speeds by a factor of 10.

The new control should be on IGM's robots by next year, but Langner also sees applications for the control outside robotics, with initial demand of about 500-1,000 units a year, compared with the 150-200 IGM will need each year for its robots. "But we will not market it by ourselves," Langner stresses.

Heavy metal robots are showing their strength in several industries

IGM expands its horizons

IGM was founded in 1967 by Günther Kloimüller and Franz Vokurka, two former Siemens engineers who are now managing board chairman and supervisory board chairman respectively at the Austrian company.

It claims about 15 per cent of the world arc welding robot market in money terms, but rather less in unit terms, as it sells smaller numbers of relatively expensive equipment. About 50 per cent of the market is in European hands, with the rest held by big Japanese robot suppliers such as Yaskawa and GMFanuc.

But with consolidated turnover of Sch524m (£27m) in the year ended August 1991, IGM is a minnow in comparison to the Japanese and European robot giants, and has to exploit every global opportunity to support research and development spending of about 10 per cent of sales.

To bolster its financial strength, the company went public in 1989, raising Sch275m from an issue of preference shares, and last year issued ordinary shares publicly. Just over 50 per cent of the company is retained by the two founders and their families.

The decision was a timely move. With the worldwide recession in capital equipment purchases, IGM's sales fell 10-12 per cent in 1990-91, and a further decline of 4 to 5 per cent is expected for the financial year just ended.

But IGM has also been particularly effected by the upheaval in the former Soviet Union and eastern Europe, whose share of turnover has dropped from 25.3 per cent in 1989-90 to an expected 14 per cent in the year just ended.

This has prompted an aggressive policy of Far Eastern expansion. A collaboration agreement last year with India's Bharat Earth Movers was followed this spring with the establishment of a Korean subsidiary, and IGM also wants much stronger representation in China.

But the eastern countries are also regarded as very promising long-term – the Russians, says Langner, have always been keen on the latest developments in robotics. Along with its subsidiary in Russia, IGM is negotiating to establish a Ukrainian subsidiary, and is also manufacturing components at an 86 per cent owned Hungarian subsidiary, Roper Robottechnika.

Although the European Community and Far East are the main export areas, IGM is also keen to exploit opportunities in the US, where it will open new offices and production facilities at Milwaukee at the end of this year.

PEOPLE

O'Reilly Jnr picks mining

Tony O'Reilly Jnr is following his elder brother Cameron into his father's far-flung business empire. But unlike Cameron, who is keeping an eye on the O'Reilly family's growing newspaper interests, Tony, 25, is going into the mining business.

He has been been appointed executive director, planning and corporate development, at Arcon International Resources which was the scene of a battle for control recently after the company had acquired Atlantic Resources, an Irish oil exploration company, headed by Tony O'Reilly Snr.

Professor Conroy, Arcon's founder and chairman, was temporarily ousted from the board in February by a group of shareholders who thought his company had paid too much for Atlantic. In the event Tony O'Reilly Snr came to the rescue by increasing his stake in Arcon to 20.5 per cent and the professor was reinstated.

His son, who has worked for Dillon Read and the corporate finance team of Coopers & Lybrand in New York, plays down the family connection. He says the decision to get involved with Arcon was his idea, not his father's. He had specialised in natural resources at Coopers and had got to know Bill Mulligan, an Arcon director.

Whilst Arcon is one of the smallest and least successful of his father's investments, O'Reilly Jnr hopes to turn it into one of the empire's top performers.
Arcon has explored only 3 per cent of its 90 square miles and has already discovered a 6m tonne lead/zinc mine at Galmoy. "We are in a pre-development stage with a world class asset" says O'Reilly Jnr.

Michael Weinstein

Michael Weinstein, who has died at the age of 47, must have been one of the world's most successful personal insurance salesmen - certainly an unusually cultivated one.

Born and brought up in Philadelphia, he had spent his entire career in London, from 1973 working for Metropolitan Life, the US life insurance group. His clientele was drawn from Americans and other foreigners living in the UK.

With his irresistible combination of social charm and good looks, backed up with a formidable knowledge of life insurance, business grew exponentially.

In his best year, 1989, he personally sold $250m worth of policies – ahead of MetLife's 12,000 other salesmen in the US and overseas.

His success could certainly not be put down to long hours in the office. Knowing that a good salesman had to be relaxed, Weinstein took long lunch breaks, afternoon naps and frequent holidays. He even freed himself from the chore of making routine telephone calls by employing an actor, part-time, to imitate his voice.

He had an immensely strong will, and he succeeded by setting himself sales goals. Cynical British friends scoffed at the arcane MetLife honours system ("President's Conference," "President's Council," "Million Dollar Round Table," "President's Trophy"), but Weinstein used it to motivate himself.

The MetLife commissions enabled Michael Weinstein to enjoy a truly splendid lifestyle. Everything was in exquisite taste: his social life; the palatial penthouse apartment in Kensington; fine collections of historical art.

His premature death from cerebral lymphoma is a great sadness for his large circle of friends and clients – and a considerable financial blow for MetLife.

■ David Powell, formerly group legal director of Midland, is appointed director of group legal services at GUINNESS. He succeeds Derek Councell, recently moved to Prudential as legal services director.

■ Brian Walsh, finance director of GKN and a non-executive director of Westland, is appointed to the board of COOKSON GROUP in a non-executive capacity.

■ Rod Martin, md of JAMES LATHAM's Midland and Western company, has been appointed to the main board.

■ Peter Wild is to become general manager of CWS non-food marketing and distribution group on the retirement in December of Ken Stephenson.

■ Anthony Cooper, finance director of HENRY BOOT, has taken on on the additional role of company secretary on the retirement of Peter Hawley.

■ Cornelia Varney has joined P-E INTERNATIONAL in the new position of resources director. She comes from CSC-Index.

Thorpe to SIB

Phillip Thorpe, who had been seconded to London FOX as acting chief executive following last year's scandal, is not returning to his position as deputy chief executive of the Securities and Futures Authority (SFA), but will spend six months from October assisting Securities and Investments Board (SIB) boss Andrew Large in a broad review of London's financial services regulation.

Prompted partly by the general fall-out from the Maxwell affair, as well as by a request for a limited review of SIB's activities from Chancellor Norman Lamont, the task Andrew Large has set himself has yet to be clearly defined - with the process swinging properly into action when his new assistant can leave FOX.

Thorpe, 38, who got to know Large when the latter was appointed chairman of FOX towards the end of last year, practised as a barrister in his native New Zealand before moving to Hong Kong. After a variety of regulatory jobs, he was called in to set the Hong Kong Futures Exchange back on its feet after the 1987 crash.

Known for his direct manner, he is amused by suggestions that he might be too much of a regulatory insider to cast a sufficiently critical eye over the workings of SIB. "I have had three years of serious training for this event" he says referring to the period he has spent, initially as chief executive of the AFBD (the futures self-regulatory organisation merged into the SFA) dealing very closely with the chief regulator SIB.

Meanwhile, at SFA, where Thorpe has been seen as a possible successor when current boss John Young retires, the official view is simple. "We all expected him back on October 1 from FOX. Now we all expect him back on April 1 from SIB."

MANAGEMENT

Keeping up the pressure for change in Britain's NHS is not proving easy. **Alan Pike** reports

Second opinions on health reform

The great reform in Britain's National Health Service, designed to stimulate efficiency through internal competition, is doomed to collapse within the next four years into cosy, bureaucratic arrangements that militate against change.

That will, at least, be the case if a simulation exercise played by health professionals in the NHS's East Anglian region proves correct. The exercise found that close links soon developed between health authorities and particular hospitals, with the attractions of familiarity and the status quo proving stronger than the competitive opportunities of playing the market.

Having won the fight for the reforms against political opposition and introduced them in an initially sceptical NHS, ministers recognise that they still have to maintain the momentum for change. Even if the East Anglian exercise does not prove an exact portent of the future, keeping alive the spirit, as opposed to the mechanics, of the changes may not be easy.

The separation of healthcare purchasing from its supply – the purchaser-provider split – has been achieved. But contracts between purchasers and providers are negotiated by managers who, until last year, were colleagues in the old-style NHS. They share the same origins and culture, and in some cases, the same offices. In many parts of the country, there is only one local hospital with a natural catchment population.

In spite of the fury that accompanied the introduction of the reforms, perhaps not so much has changed after all. Although the financial structure is different, real competition does not always seem to be the driving force.

The possibility of the reforms simply replacing one bureaucratic structure with another is not only exposed by the East Anglian simulation; some academic research points to the same conclusion. A study by Bristol University school for advanced urban studies found that the NHS market structure, far from being competitive, was "closer to a bilateral monopoly, with a single purchaser and at best a few providers".

The school's Julian Le Grand recently told the Social Policy Association conference that the extent of competition would depend on the willingness of patients to accept treatment at more distant hospitals. But a study conducted in Sheffield suggested that 38 per cent of patients were not prepared to travel at all, while another 36 per cent were willing to journey no more than 10 miles for treatment.

If patients cannot be relied upon to contribute to competitive pressures on the NHS, it becomes all the more important that the service has a management structure which offers the best chance of achieving the intentions of the reforms.

So far, the most evident management changes have been in the hospitals, where doctors are becoming more involved in managerial decisions and managers of self-governing trusts enjoy decision-making autonomy unknown before last year.

But the NHS's bureaucratic structure – based on district health authorities, regional health authorities and a central management executive reporting to an NHS board and ministers – remains as it was before the reforms. Some of this is about to change.

A working group of the NHS executive is examining the management structure and will report to Virginia Bottomley, health secretary, soon. Bottomley has warned that the service must not "slip back into the old ways of monolithic, oppressive over-planning". Andrew Foster, NHS deputy chief executive, says a solution based on modern management approaches points to a lean structure at central and intermediate levels.

The 14 English regional health authorities are unlikely to emerge from the review in their present form. Once responsible for running region-wide services as well as allocating funds to district authorities, they look increasingly vulnerable now that services are based on a direct relationship between districts and hospitals. With most hospitals and other services likely to become self-governing trusts by the middle of the decade, some form of management structure between trusts and Whitehall needs to be retained. But trust managers fear that giving this responsibility to the present regional authorities would be to nudge the service back towards the monolithic over-planning feared by Bottomley.

John Greetham, chairman of St James's University Hospital, Leeds, and of the NHS Trust Federation which represents managements of self-governing trusts, believes regions should be replaced by a smaller number of scaled-down bodies. He argues that there also needs to be a new approach to the allocation of capital to maintain the dynamic of the reforms.

"In the old-style NHS, regions allocated capital. They did this on the basis of a strategic over-view, nepotism, special pleading and political pressures. You are bound to get bureaucratic and political fudging if an organisation distributes capital like this."

Greetham believes the way forward is to allow rival trust hospitals to bid for new, region-wide capital projects on a competitive basis. "Competitive bidding would encourage trusts to devise more imaginative and cost-effective ways of meeting needs. This would not always be by putting up new buildings – it could be a high-technology mobile unit serving several hospitals."

On the purchaser side, Charles Marshall, general manager of Newcastle health authority – a job he will soon be leaving to run London's Middlesex and University College Hospitals – agrees that in the past, funding priorities have too often been set by powerful, established hospitals. The reforms shift this power towards purchasing authorities, and many are beginning to involve the public in discussions about priorities.

Newcastle has set up user groups from among patients to help determine priorities, although Marshall stresses that "we must listen to the public but are paid as managers to take difficult resource decisions". Health authority managers must make these decisions, aware that they are now "advocates for the patient rather than defenders of particular hospitals".

The reforms – introduced at speed because of political pressures – still leave many uncertainties for managers. GP fund-holders, for example, are favoured by ministers because their ability to purchase hospital treatment on behalf of individual patients introduces genuine market-style choice into the NHS.

Too many fund-holders exercising market-style choice, however, can unbalance the equally pressing need for district health authorities like Marshall's to plan health provision around agreed priorities. One solution, he suggests, might be for groups of GP fund-holders to use the health authority as their purchasing agent.

Another question for the future concerns whether it makes sense for district health authorities and family health service authorities – which run the family doctor and community services – to retain their separate identities. In an innovative development in the NHS's Trent region, both sets of authorities – while retaining separate identities by law – have decided to blend their accounting, information and support services and will begin appointing joint staff.

Restructuring the NHS's bureaucracy will never evoke the same passions as the introduction of the reforms – or the uproar that will break out later this year when the government faces decisions over whether to close famous London hospitals.

If the warnings of the East Anglian simulation exercise are correct, however, getting the shape of the management structure right may hold the long-term key to whether the reforms meet their objectives.

Sending in the heavy mob

By Christopher Lorenz

The use of multi-disciplinary "project teams" is rightly becoming the rage. Organisations are realising that it brings a string of advantages – in terms of speed, cost and quality – over the traditional practice of passing projects from one narrow specialist department (or "function") to another, each of which does its work in turn.

Two particular spurs to this trend are the widespread introduction of total quality management, and the growing need to accelerate the time it takes to bring new products and services to market.

But few companies have really mastered how to manage their project teams. Some have made the mistake of relying on a "lightweight" approach, in which a relatively junior person is given limited powers of co-ordination, and the key resources – including specialists on the project – remain under the control of their respective functional managers.

Others have gone an important step further, but not far or systematically enough. Sensibly, they have not only moved all the members of the team to a single location ("co-located" them), they have also appointed "heavyweight" project managers: senior people with responsibility for the work of everyone involved in the project.

But they have failed to follow a set of detailed organisational and leadership principles which pioneering companies have demonstrated to be vital to the success of "heavyweight" teams.

These principles are discussed in a new book by two of Harvard Business School's leading professors, Steven Wheelwright and Kim Clark*. An extract is also published in the current California Management Review**.

Their work focuses on the management of product development, but much of it also applies to a wide range of other team processes, in both manufacturing and service industries.

Examining the challenge of managing heavyweight teams, the academics warn that they may not merely conflict with the functional organisation – an obvious risk – but may also undermine senior management's influence and control.

Wheelwright and Clark outline six principles to minimise such difficulties:

- Creation by senior management of a clear mission for the team, in the form of a project charter which sets out broad performance objectives.
- Creation by the project leader and core team (as distinct from its subsidiary members) of a detailed contract book, against which it is willing to be evaluated. This should include a detailed work plan, an estimate of the resources required, and an outline of the results to be achieved.
- Staffing of the core team throughout the project by, typically, one member from each primary function of the organisation. Other staffing principles include, wherever possible, not allowing a core member of the team to occupy a similar position on another team.
- Project leadership in a very different style from that used with lightweight teams. Heavyweight leaders not only manage, lead and evaluate other members of the core team. They also champion the basic concept around which the product, process or service is being shaped. They spend time out of the office, talking not just to project contributors inside and outside the company, but also to customers, dealers and so forth. This includes gathering market data at first hand.
- Team member responsibilities are wide. As well as each member's own functional responsibility (for example, for all appropriate marketing expertise), each core member also shares responsibility for the team's overall performance.
- An executive sponsor is needed in senior management. This person acts as a channel for communication with top management, and as coach and mentor for the project and its leader, while also "empowering the team to lead and act".

Creating a team that really is "heavy" – one with effective leadership, strong problem-solving skills, and the ability to integrate across functions – also requires changes in the day-to-day attitudes and behaviour of engineers, designers, manufacturing and marketing specialists, conclude the Harvard duo.

**Revolutionizing Product Development*. Free Press £24.50.
***Spring 1992*.

Edinburgh International Festival

Olga Borodina

Richard Fairman

THOSE who left Edinburgh before the final week must be kicking themselves. By accident, the festival brought together two recitals of Russian song and one of them proved to be unforgettable: when people look back on the 1992 festival, they will remember it as the year that Olga Borodina sang Tchaikovsky.

Before she appeared, however, there was an unplanned curtain-raiser. Dawn Upshaw had cancelled a recital and her place was taken by Elena Prokina, a young soprano from Odessa, who had already appeared this year in concert. By starting with a selection of Tchaikovsky arias, she neatly fitted in with the festival theme and presented her shining Slavic timbre to good advantage. She has an appealing stage presence and her Rachmaninov songs, with Iain Burnside the pianist, were natural, genuinely felt, and often beautiful.

By the end of the next morning, however, her recital had been blown out of the mind. Olga Borodina made her first Edinburgh festival appearances in concert last year. At one, which included fragments of Musorgsky's unfinished operas, she sang what was in effect a soprano part and surprised audiences expecting to hear a deep Russian mezzo with the gleaming ease of her top notes.

The capabilities of her voice were thus already known. What could not have been predicted was the intensity of her singing in recital. Long pauses intervened between the songs, as Borodina prepared herself, exchanging nods and thoughtful glances with her pianist, Larissa Gergieva. If that is what it takes to summon such spell-binding concentration, it was worth it.

The programme at the Queen's Hall was all Tchaikovsky. In theory, an ominous proposition, likely to be burdened with a preponderance of slow and morose music; in performance, a revelation. Borodina has the crucial recitalist's gift of being able to create for each song a mood of its own and – no less important – to focus her attention on the moment that holds the essence of what it has to say. Even "None but the lonely heart" came across with new force.

In her final group, two songs were outstanding. For "Night", in which Tchaikovsky fearfully peers into the blackest depths of depression, the singer called up her darkest, deepest contralto tone, a searing sound that is descriptive of Russian suffering in all its forms. To follow that with "Once again, as before, I am alone", sung in a plaintive and hollow voice, as though in the grip of intense pain, was almost too much to bear. At last the festival's theme felt complete: the whole tragic story of Tchaikovsky, the man and musician, was here.

As for Olga Borodina, it is hard to believe that she is at the outset of an international career. This young Russian is already a impressive recitalist. One trembles to think what heights she might scale in the years to come, if she is singing like this now.

Correction

In last Saturday's report Delights beyond Tchaikovsky, the name of the pianist Steven Osborne was incorrectly given as Steven Sloane. We apologise for the error.

Combing the Fringe

THE most popular bit of the Edinburgh Fringe has been the local based Communicado Company's version of Cyrano de Bergerac played in the spanking new den of the Traverse Theatre. Rostand's rhyming couplets have been faithfully translated by Edwin Morgan into the Glaswegian vernacular and somehow manage to give both an immediacy and a sense of history to the piece. "You're so macho" is a phrase which fits the aspirations of 17th century France.

There is plenty of cross-dressing, music, and sword-play, indeed an enveloping air of braggadocio which suits Cyrano well. The play is performed at such a lick that the ingredient which made it a success with Victorians its pathos, is lost. Cyrano's poetic wooing of his beloved Roxanne on behalf of the witness Christian should be one of the saddest moments in the theatre, but here it is played fast, furious, and for laughs.

Tony Mannion has energy and charm enough for Cyrano, but the lack of feeling robs him of some nobility. Sandy Mcdade, too, seems untouched by the selfish vanity of Roxanne. However the nose, always a key factor in the success of Cyrano, is monstrous but credible.

This is ensemble playing of great gusto. Much of the text may be lost on foreigners, but a Scottish audience hugely enjoyed the wit and vitality in Gerry Mulgrew's production.

The Fringe, like the Festival, makes no critical sense - one person's pleasure is another's purgatory. My two favourite shows made it to award short-lists and then faltered. John Shuttleworth is both funny and bathetic. He is the creation of Graham Fellows, whose last taste of stardom was hiding behind Jilted John, in 1978's excruciating pop novelty hit.

Shuttleworth is a redundant security guard from a Rotherham sweet factory who holds master-classes in light entertainment, passing on the skills he has honed appearing in local old folks homes. He teaches microphone technique (including vibrato); self-promotion; and song writing on the Yamaha organ. His first step on the showbiz ladder was through a memorial verse he sent to the Death's column of his local newspaper and he has not been bothered at all by the absence of a sense of humour, talent, or success. Fellows could find himself the novelty hit of 1993.

Emily Woof is equally enigmatic. Her show is wilfully mis-entitled *Sex III*. It is a series of drama school exercises taken to perfection. The delicate, wistful Woof turns cartwheels, sings, plays the piano, and cavorts on a trapeze. She also recounts the misadventures of a young girl, obsessed with Anna Karenina, who hopes to meet her boyfriend in Spain.

Rarely has style triumphed so gracefully over content. Woof's narrative leads nowhere – except to a succession of heart-tugging images. She starts as the spitting image of the cover of the Penguin Classic of Tolstoy's novel; she ends a disconnected, half-naked androgyne. The piece is transfigured by Woof's physical perfection as she crashes a balloon, performing the splits declaiming, "don't stretch your legs for fear of becoming a boy", and, at the finale, like Anna leaping to her death, Woof flings herself off the trapeze. When inconsequence carries this much impact, it becomes its own art form. A mesmeric performance.

Last year, the stand-up comics wrote themselves plays. This year they seem rather stranded, like flailing dinosaurs left behind by changing taste. The best on offer was the American Thea Vidale, who uses sex to please feminists; blackness to appease anti-racists; and good old-fashioned common sense to charm everyone.

Somehow you accept her analysis of male inadequacies, her almost physical brow-beating of the audience, because Vidale has no illusions about herself or her race. The act flags in the middle as she picks out American obsessions, but it ends strongly. I even accepted the pay-off homily about her children's bleak future in a racist society.

If there is a theme to the Fringe it is the exploitation of the possibilities in the current popularity of opera. In "Kill Me I Love You", a quartet of professional opera singers known as Opera Circus, subjects famous arias to heavy mugging. Donizetti's Love Elixir becomes Foster's Lager, and Carmen emerges as a baritone in drag. Mime specialist David Glass directs.

I preferred Recital, in which soprano Helen Noonan declaims the life of a diva. She begins by looking like the Countess in *Der Rosenkavalier*, all Madame de Pompadour finery, and ends in tatters. Deserted by lovers and toadies alike, her life falls apart, a decline conveyed through the arias she performs, down to a splendidly resonant "Remember Me" from Purcell's Dido. The gap between the artificial life of the prima donna and the emotions in opera's greatest moments are powerfully conveyed.

Antony Thorncroft

An Ancient Triptych

TO anyone averse to good acting, intelligent theatre and classical culture, I commend Andrei Serban's *An Ancient Trilogy*. This hammy and phoney mumbo-jumbo, out at the Corn Exchange, is proving one of this Edinburgh Festival's bigger hits. The performers are the National Theatre of Bucharest from Romania. Serban, a director internationally celebrated for his opera and theatre work, returned to his native Romania as General Manager of this troupe in 1990.

He has assembled three plots from ancient Greek drama – *Medea*, *The Trojan Women* and *Electra*, each of which he first tackled for Western troupes in the 1970s. (These may be a triptych but they certainly are no trilogy.) The texts, said to be "performed in ancient Greek", are a mish-mash. *Medea*, for example, includes extensive Latin (via Seneca's play); and the Greek texts are so mauled that it is not until *Electra* that you hear any of the iambic pentameters that are, as with Shakespeare, the basic metres of the original dramas. The tight formal structure of Greek theatre has been jettisoned.

That would be fine if Serban's version was of serious stature. But he has reduced each plot to its most obvious ingredients, has removed all the psychological insights and dramatic tension that make the original plays remarkable, and has ladled cheap multiculturalism over the whole affair (little bits of Aztec and Indian manners, lots of Kabuki intonation). Worse, he has encouraged his Romanian cast to deliver crude, exaggerated, unspontaneous and fake-intense performances.

Here is how to act in this kind of show. In leading roles you either stare wide-eyed non-stop (this means you are *in extremis*) or hold your jaw up parallel to the floor (this means you are bloody but unbowed). You snarl, you wail, you blink real tears, you have a whale of a time. You produce your voice in strained, chesty tones, sometimes quiet but usually loud. You avoid naturalism, or sincerity, or restraint, like the plague.

If a single actor behaved like this, everyone would recognise it as ham, worse than the worst of Joan Crawford. When a whole company carries on this way, though, it becomes a "style" and people fall for it. These Romanians have the added cachet of coming from a former iron curtain country, and therefore of being martyrs and heroes. They were, of course, rapturously cheered.

Most popular of the three is *The Women of Troy* – which, with its horrors-of-victory theme, is always a good show for the best kind of Amnesty International sentiments. It is an easy play in which to create big sensations, and Serban does so full-throttle. The first half takes place on three sides of the audience, and sometimes in the middle. High up above us, Cassandra (bare midriff) foretells disaster; Astyanax is caught and led to destruction; his mother Andromache hurls herself to her death. The bitch Helen is stripped, raped, tortured and killed.

But the play's real tension and serious poignancy of utterance are ignored. The audience can sit during the second half to watch Polyxena be sacrificed, and Hecuba and the other women be led off to slavery: much ritual moan-groan-drone chanting. A great drama is reduced to *Wimmin of Troy*. In *Electra*, Serban resorts to more spurious sensationalism (for example, a 9-foot snake).

He makes rubbish connections between the plays. Clytemnestra, for example, ends in the same position as Medea did. The fact that this means nothing is of no consequence here. It is merely meant to seem "mythic". It makes a big effect. It wins a big hand. This is Theatre of Quick Sensation. Leave your brains and hearts outside.

Alastair Macaulay

Continues at the Corn Exchange, Edinburgh, until September 5

Dave Valentin at the Jazz Cafe

WHAT has happened to the flute? There was a time when music was bristling with the things – from the Arran-knit folk of James Galway to the "gentry" rock of Ian Anderson's Jethro Tull. Jazz music too has had an on-off affair with the most fragile of wind instruments, usually where it has been wielded as a second choice to the sturdier saxophone.

The late Eric Dolphy and Roland Rahsaan Kirk were wild about it, the tradition being just about continued by tenor/alto player James Moody. Apart from him though, and our own Eddie Parker, the instrument seems to have been sidelined in recent years.

American Dave Valentin, heard at Camden's Jazz Cafe for three nights this week, is a full blown flautist, however, who is equipped to redress the balance. His playing is lively Latin jazz first, and alluring world music second. Unfortunately, away from his New York-based quintet and accompanied instead by a taciturn five-piece jump band in the cold environment of the Jazz Cafe, it proved hard for Valentin to generate much heat. Not that he didn't try hard.

With a broad selection of standards from Wayne Shorter's "Footprints" to Gershwin's "I love you, Porgy", Valentin's robust playing and tough intonation showed that the flute can still be an easy alternative to the reed.

Technically accomplished in the regular registers (he was taught as a youngster by arch-jazz flautist Hubert Laws), Valentin overblows energetically, putting substance and solidity into the usually airy notes of the instrument.

Often, he expands the flute's vocabulary further by bringing his huge collection of "ethnic" flutes and pipes into the act. At Camden he dug into a kitbag full of Peruvian pipes and Bolivian flutes for a solo and improvised skit which employed reverb and delay.

This technique, often used nowadays with strings and where the soloist accompanies himself via the echo chamber, must be a new departure for the flute.

Here Valentin's eery voicings, blown over a repeating and bleeping cycle of notes, added a new dimension to the most universal and folk-rooted of instruments.

Garry Booth

Alastair Muir

Cheryl Campbell as Mistress Ford: schoolgirl humour with womanly appeal

The Merry Wives of Windsor

Andrew St George

FALSTAFF was hauled back on stage at the behest of Queen Elizabeth I, probably in 1597, to feature in *The Merry Wives of Windsor*, the worst sequel Shakespeare wrote. The play is supposed to have been written in two weeks, the temporal equivalent of half a *Messiah*, one *Barchester Chronicle* or any Barbara Cartland novel.

Merry Wives makes poor comedy; but as a spectacle – as this production at the Royal Shakespeare Theatre proves – it can entertain well enough: a good stab at a bad play.

Two problems in the play persist on stage. The first is the fat and the fatuity of Falstaff. He still has a kind of forward-waisted charm, a libido which outstrips capacity, and a wit which occasionally turns on itself: "I have a great alacrity in sinking".

But Falstaff in Windsor lacks the edge and viciousness of Falstaff in Cheapside, never here the degraded genius who puts sensuality in the service of intellect. Falstaff, as William Hazlitt knew, became the butt rather than the originator of jokes.

The second problem is the lack of scope written into this good-humoured *petit bourgeois* piece of suburbia. If *Othello* was the great Pillow Case, then *Merry Wives* looks like the great Basket Case. The action is domestic, and little is in question, not even the honour of Berkshire girls Ford and Page.

A good director looks elsewhere, to the mechanics of the play, acknowledging the elements of knockabout farce. In 1985, Bill Alexander kicked the action into the 1950s, and gave the play a nostalgic prop or two. Here, the energies of David Thacker's production have gone into the outrageous design and costumes (William Dudley).

The set is an origamist's delight of twisted paper-look stairways and cut-out balustrades, erected with Pisan inclination. The Elizabethan costumes, bold but washed-out colours, people the set with visual vulgarity.

The action suffers from inexplicable pauses (Mistress Quickly crosses the entire stage just to pat Falstaff's page on the head) and journeys to the outermost parts of the set. But the acting, along with Guy Woolfenden's sweet incidental music, keeps the play afloat.

Benjamin Whitrow as the fat – metabolically challenged – knight manages to negotiate the passages where Falstaff uncharacteristically has to listen to others; Whitrow conveys character in hearing, and that bespeaks high technical skill.

Ron Cook's stock Frenchman, Dr Caius steals the show; he minces and drawls with *panache*, and one expects him to transform into Inspector Clouseau at any minute. John Nettles acts a dependable bucolic Master Page, attached to his 12-bore.

It is a shame he is not in the culling vein when he finds the fat man with antlers under the oak in Windsor forest. He could have saved Shakespeare – and his nine operatic rewriters, including Salieri, Balfe, Verdi and Vaughan Williams after him – some degree of embarrassment.

Master Ford, the jealous husband is rightly overplayed by Anton Lesser, who finds a psychotic rage in the character. This is the comic version of Leontes from *The Winter's Tale*, and the proper balance to Falstaff.

Around him, Gemma Jones and Cheryl Campbell as the Mistresses Page and Ford make the most of the schoolgirl humour grafted on to their womanly appeal. Falstaff even gives Mistress Ford the ubiquitous "toe-job", a topical reminder that the action is, after all, in Windsor, even if all Windsor wives these days are not exactly merrye.

Royal Shakespeare Theatre, Stratford-upon-Avon, (0789) 295623. In repertory until 26 January 1993

INTERNATIONAL ARTS GUIDE

As disaster upon disaster befalls the Opéra Bastille, the new season in Paris is heading for a limp start. The accident which killed one member of the chorus on July 16 during the company's visit to the Seville Expo has left several others seriously injured, forcing the management to delay the opening new production – a centenary tribute to Honegger in the form of his scenic oratorio Jeanne d'Arc au Bûcher – and start the season with the umpteenth revival of the old Strehler production of Le nozze di Figaro on Sep 24. The Honegger will now follow on Oct 9.

The resignation of four senior members of the Bastille management team has dented confidence further, and left arrangements for the much of the rest of the season in chaos. The flagship production of Roussel's Padmâvatî has been postponed indefinitely. Plans to show Yannis Kokkos' acclaimed production of Elektra have been shelved, and David Pountney's staging – already seen in Paris – has been substituted (Oct 13). Gounod's Faust (Nov 27) and the Salzburg production of Messiaen's Saint François d'Assise (Dec 12) are scheduled to go ahead as planned.

The management vacuum has greatly enhanced the power of the Bastille's music director, Myung-Whun Chung, but it has done nothing to diminish the grip of Pierre Bergé, founder of the Yves Saint Laurent fashion house and Bastille supremo since 1988. Observers in Paris say there is little hope for restoring confidence until Bergé is forced out – perhaps after the forthcoming general elections – and a full-time professional opera manager is appointed.

But not all is doom and gloom: Paris's other institutions have plenty on offer. The Châtelet opens a Schumann cycle with a concert by the Royal Concertgebouw on Sep 13, followed by seven performances of Evgeny Onegin conducted by Semyon Bychkov (Sep 28). The season also includes stagings of La traviata, Wozzeck (Barenboim/Chéreau), Le nozze di Figaro (Gardiner) and Bartók's Bluebeard.

The Orchestre de Paris opens its season with Britten's War Requiem (Oct 7) and gives three Giulini concerts in Nov. The Opéra-Comique has a splendid French season starting with Louis Varney's operetta Les Mousquetaires au convent (Sep 25) and continuing with Esclarmonde, Les Indes galantes, Mireille and Charpentier's Médée.

The ballet season begins with a new Nureyev production of La Bayadère (Oct 8) at the Palais Garnier, and includes a revival of the Bourmeister version of Swan Lake at the Bastille (Nov 13). The Odéon-Théâtre de l'Europe offers a series of Spanish and Scandanavian plays, and a bicentenary tribute to Goldoni.

The season opens on Sep 16 with a Catalonian theatre piece entitled Mediterrania, followed by two transfers from the Avignon Festival – a production of Lope de Vega's Le chevalier d'Olmedo (Nov 5) and a new play by Georges Lavaudant. Luc Bondy will direct Ibsen's John Gabriel Borkman next March, and the season ends with Giorgio Strehler's Piccolo Teatre di Milano production of Goldoni's Il campiello.

EXHIBITIONS GUIDE

AMSTERDAM

Van Gogh Museum Felix Vallotton (1865-1925): retrospective of the Swiss Post-Impressionist painter who joined the Nabis. Ends Nov 1. Daily

Rijksmuseum Drawings from the Age of Bruegel: the Frits Lugt Collection. Ends Nov 8. Closed Mon

Historical Museum Distant worlds made tangible: Dutch collections 1585-1735. Ends Oct 11

BARCELONA

Fundacio Caixa de Catalunya The Avant-Garde in Catalonia 1906-39 (housed in the new exhibition hall in Gaudi's La Pedrera). Ends Sep 30. Closed Mon

Museu Picasso Alexej Jawlensky (1864-1941). Ends Sep 27. Closed Mon

BERLIN

Altes Museum The Scandanavians and Europe 800-1200. Ends Nov 15. Closed Mon

Alte Nationalgalerie Art in Germany 1905-37. Ends Jan 3. Closed Mon and Tues

Aegyptisches Museum The Pharaohs in tin and pewter. Ends Nov 15. Closed Fri

BONN

Kunst- und Ausstellungshalle Territorium Artis: 150 key works by 20th century artists who were misunderstood or rejected by their contemporaries. Ends Sep 20. Closed Mon

CHICAGO

Art Institute Rousseau's The Dream: Henri Rousseau's celebrated painting (1910), on loan from the Museum of Modern Art in New York, depicts a 19th century bourgeois-style couch and a female nude in a leafy jungle setting complete with wild beasts, rendered in Rousseau's naive style. It initiated a rich genre of fantasy art followed by Chagall, Ernst and others. Ends Jan 30. Also European Architecture and Interiors 1890-1940: a collection of design portfolios showing the profusion in European domestic architecture of the period, and focusing on art nouveau. Ends Oct 11. Daily

FRANKFURT

Schirn Kunsthalle Genoese Art of the Baroque Age. Ends Nov 9. Daily

Städel Oskar Kokoschka and the Puppet. Ends Oct 18. Daily

Deutsches Architekturmuseum Modern Architecture in Germany 1900-50. Ends Nov 29. Closed Mon

GENEVA

Musée d'art et d'histoire Drawings by Liotard (1702-89). Closed Mon. Ends Sep 20

Cabinet des Estampes Dali – true or fake. Ends Oct 4. Closed Mon

KARLSRUHE

Kunsthalle Christ and Mary: Christian art from the late Gothic and early Renaissance periods. Ends Sep 20. Closed Mon

LONDON

Barbican John Heartfield. Ends Oct 18. Daily

Tate Gallery The Painted Nude. Ends Dec 27. Also George Baselitz (b1938): prints 1964-90. Ends Nov 1. Daily

Royal Academy of Arts Alfred Sisley. Ends Oct 18. Daily

National Gallery Manet: The Execution of Maximilian. Ends Sep 27. Daily

Imperial War Museum Wyndham Lewis (1884-1957): Art and War. Ends Oct 11

MARTIGNY

Fondation Pierre Gianadda Georges Braque retrospective. Ends Oct 25. Daily

MUNICH

Kunsthalle der Hypo-Kulturstiftung Expressionists: watercolours, drawings and prints by members of the Brücke. Ends Nov 1. Daily

Lenbachhaus Gabriele Münter, one of the foremost female artists in early 20th century Germany. Ends Nov 1. Closed Mon

Neue Pinakothek Townscapes from St Petersburg. Ends Nov 27. Closed Mon

Stadtmuseum Bruno Paul (1874-1968): German interior decoration and architecture between Jugendstil and the Moderns. Ends Sep 20. Closed Mon

Villa Stuck Danilo Silvestrin (b1942): Design in Space. An exhibition of furniture and design models by the Munich artist, illustrating the links between art and architecture. Ends Sep 27. Closed Mon

NEW YORK

Metropolitan Museum of Art Art of Islamic Spain. Ends Sep 27. Closed Mon

Whitney Museum of American Art Homecoming: William H Johnson and Afro-America 1938-46. Ends Oct 25. Closed Mon

PARIS

Parc de Bagatelle Henry Moore: 27 large bronze sculptures. Ends Oct 4 (Bois de Bologne)

Centre Georges Pompidou Manifeste: 7000 square metres given over to a multi-faceted exhibition covering the past 30 years of creativity in visual arts, video, cinema, architecture and design. Ends Nov 9. Closed Tues

Institut du Monde Arabe Archaeological finds from Islamic central Asia: 300 objets d'art from the Registan Museum in Samarkand. Ends Sep 27. Closed Mon

● Cartes musées available at all metro stations and museums, to avoid queuing at 60 museums including the Louvre and Musée d'Orsay.

TEL AVIV

Museum of Art Andy Warhol: more than 100 works representing his various styles, plus 50 black and white photographs by Christopher Makos. Ends Sep 29

VIENNA

Künstlerhaus God, Man and Pharaoh: 250 works spanning 4000 years of ancient Egyptian sculpture. Ends Oct 4. Daily

Naturhistorisches Museum Bear Facts: a history of the teddy bear. Ends Oct 26. Closed Tues

WASHINGTON

Arthur M Sackler Gallery Ancient Japan: an exhibition of 250 objects examining the early cultures of Japan. Ends Nov 1. Daily

National Gallery of Art Art of the American Indian Frontier: 150 objects produced by Woodland and Plains Indians in the 19th century. Ends Jan 24. Daily

National Museum of American Art Ralph Eugene Meatyard and Helen Levitt: retrospectives of two leading photographers. Ends Oct 18. Daily

FINANCIAL TIMES

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Friday September 4 1992

Matter for debate

IN VICTORIAN times the British parliament usually rose in July or early August and did not reconvene until the following February. This fact is well known to readers of Anthony Trollope, who depicts the rulers of the time spending the autumn in their own and each others' country houses, some of them working away conscientiously at official papers but all confident that the longer the recess lasts, the better the Queen's government can be carried on.

Mr John Major is known to be a keen admirer of Trollope, and it would seem that he has imbibed this point of view. This year he sent parliament home for its summer holidays in mid-July, earlier than any of his predecessors have done in recent years. Normally it would not reassemble until October 19 – September and early October being nowadays the season, not so much of grouse and pheasant shooting as of party conferences. But parliament can be recalled when important events require its attention.

Mr John Smith, the new leader of the opposition, feels that recent developments in the international situation – notably in the former Yugoslavia, in Iraq and in Somalia – are sufficiently grave to justify that. Mr Major feels otherwise.

His decision to reject Mr Smith's request is not unprecedented, but it can only be justified if the opposition's request appears merely mischievous. Perhaps there was a hint of mischief in Mr Smith's suggestion that parliament should also debate "the current condition of the domestic economy". This, as he says, "remains in deep recession". It has not (alas) significantly changed since parliament last sat. But the very continuance of that state of affairs, combined with uncertainty over the French referendum result, has raised widespread doubts about the viability of the government's economic policy, especially in relation to the exchange rate. Mr Smith personally has not so far advocated a different exchange rate policy; but any leader of the opposition would be bound to relish the prospect of seeing the prime minister questioned by his own backbenchers on that subject, or indeed about his hopes and fears concerning the Maastricht treaty.

Mr Major's desire to avoid such questions for the time being is understandable. But it is not a sufficient reason for refusing Mr Smith's request. Nor is the statement (which Mr Smith himself disputes) that they had agreed last month that a recall of parliament was "not appropriate", presumably meaning not necessary, to discuss the situations in Yugoslavia and Iraq.

The fact is that in both those cases the government has taken very serious decisions, putting the lives of British servicemen at risk. In the Yugoslav case, especially, there are real grounds for anxiety, both about the exposed position of the UN troops and about the fact that this half-baked "humanitarian" military intervention does nothing to reverse the forced population movements or to discourage would-be "ethnic cleansers" elsewhere in eastern Europe.

Mr Smith should be given credit for considering the position carefully, rather than calling for the return of parliament as a mere knee-jerk reaction. His request should be taken more rather than less seriously for that reason.

Pork barrel sale

PRESIDENT BUSH has taken a calculated risk in allowing, for overtly electoral reasons, the sale of 150 F-16 fighter jets to Taiwan. Sacrificing established policy to win votes – or using subsidies to buy them, as with the wheat sales announced separately on Wednesday – is as old as elections themselves. But this job-saving order for General Dynamics threatens to undermine Mr Bush's bold and sensible approach of constructive engagement towards China. Mr Bush's calculation is that the importance of trade with the US, which yielded China a $13bn surplus in 1991, will dissuade Beijing from retaliation.

Since the 1989 Tiananmen Square massacre, Mr Bush has struggled to keep China in the fold rather than isolate it. In the face of strong domestic opposition, he has maintained its most-favoured nation trading status while keeping up pressure on human rights. The rationale is to strengthen the hand of economic reformers in China who want to open the country to the outside world, boosting economic freedom. The west's hope is that political freedom will follow.

China has not given Mr Bush much in return. Its continuing determination to stamp ruthlessly on any political dissent was underlined this week with the arrest of a dissident on his return to China and the expulsion of his foreign friends. However, broader issues are at stake. Beijing has been exerting pressure on North Korea over its nuclear programme, and last week established diplomatic relations with South Korea. In the uncertain security environment in Asia it would be better to enlist the co-operation of the widest range of regional powers including China, rather than sow the seeds of possible confrontation.

It is difficult to see how selling fighters to Taiwan fits in with this approach. Washington agreed with Beijing in 1982 to limit and eventually end arms sales to Taiwan. Now it argues that the military balance has been altered by Chinese purchases of advanced fighters from Russia. Taiwan should have the right to defend itself, but this sale will scarcely ensure its long-term security. The way towards peaceful reunification of China, desired by both governments, lies in the investment links which have developed in recent years, between cash-rich Taiwan and the labour-rich mainland.

Mr Bush is gambling that Beijing's reaction will consist simply of protests. The Chinese will be uncomfortably aware that Mr Bill Clinton, his Democratic challenger, has promised a much tougher line against China on human rights issues. However, from the fury in Beijing yesterday it was impossible to tell whether Mr Bush has calculated correctly. The threatened Chinese withdrawal from arms control talks within the UN Security Council would be a serious setback to containment of weapons proliferation.

More immediately, the sale could upset current trade negotiations between Washington and Beijing. Quite legitimately, Mr Bush is pressing for a relaxation of China's import restrictions, which before this week looked set to be granted and would certainly help persuade Congress to renew China's MFN status. Progress on these issues far outweighs the domestic benefits to be obtained from selling a few fighters.

Currency games

YESTERDAY THE markets were not entirely unimpressed by the British government's decision to up the stakes in the currency game. The 0.73 pfennig rise in sterling on the day, to DM2.7975, was at least in the direction the government wanted following its announced intention to borrow Ecu10bn (£7.3bn) in foreign currencies. The question is whether first thoughts are likely to be overtaken by second ones.

The proceeds of the foreign currency borrowing announced yesterday – half to be in D-Marks and half in a mixture of currencies – will be used to support sterling over the rest of the financial year. Since the reserves were $44.5bn at the end of August, the government is now in a strong position to punish those prepared to sell the pound short, even though it is already near its floor in the ERM.

These borrowings will also count as part of the finance of the public sector's borrowing requirement. Ecu10bn is a substantial amount, although still less than a quarter of the total borrowings needed in this financial year. Nevertheless, the fact of borrowing in foreign currencies does emphasise the government's commitment to its policy. If the government were really as confident as it pretends, it would be doing as much of its borrowing as possible either in index-linked gilts – a bargain for a government expecting zero inflation – or in D-Marks.

Does this mean the chancellor can claim that "these arrangements demonstrate once again the government's clear determination and ability to maintain sterling's position in the ERM at the existing central rate regardless of the outcome of the French referendum on the Maastricht treaty"? Only up to a point.

By failing to raise interest rates as sterling declined, the government has not, in fact, shown its determination to maintain sterling's position at the existing central rate. The decision to borrow rather than raise interest rates, might come to be judged by the markets as a – potentially costly – sign of weakness.

More fundamentally, no government wheeze, however skilful, no action, however brave, can remove all doubts. The credibility of the parity will be determined by its consequences for economic performance. On that the jury remains out.

A harsh economic climate is taxing Nordic countries, writes **David Marsh**

No exit from a vicious circle

The Nordic countries hoping to join the European Community later in the decade are enduring a highly uncomfortable wait in the ante-room. Sweden, Finland and Norway – which have all lodged applications to join the EC, or are about to do so – are suffering an exceptional buffeting from the currency unrest swirling through Europe.

The economic and financial jitters rippling through Scandinavia deliver a grim message for members of the European exchange rate mechanism (ERM), such as Britain or France, complaining about the Bundesbank's tight monetary policies. The Nordic experience shows that the fall-out of the monetary turmoil caused by the strong D-Mark and weak dollar can be still greater for countries outside the ERM than for those inside it.

Sweden is in the eye of the storm (see below). The stern currency action is part of an attempt by Mr Carl Bildt's minority government to maintain the confidence of the financial markets in his economic reforms. It comes, however, at a time when Sweden is still grappling with its most severe recession since the 1920s – and when Mr Bildt's efforts to prove the markets wrong may be coming apart at the seams.

Finland, which raised interest rates yesterday for the third time in less than a month, has subjected its economy to an unprecedented squeeze. Norway is still struggling after six years of crisis in its troubled financial sector. And Denmark, the sole member of the foursome already within the EC, is weathering a bout of financial market nervousness caused by its No vote against the Maastricht treaty union three months ago.

One senior Finnish diplomat called yesterday's renewed Bank of Finland interest rate increase "very grim news". The tough economic adjustment policies in force throughout the Nordic region, he said, represent a belated effort to repair economic weaknesses which should have been righted during the 1970s and 1980s. "This is the price for past sins of omission. Sweden, for example, managed to pass over the effects of the 1973-74 oil shock by expanding the public-sector share of the economy. Now, we're paying double."

Even by the dour standards of the highly subdued world economy, the four Nordic economies are in an extremely difficult position. They have been experiencing the pain – and none of the advantages – of adherence to Europe's hard currency "club".

According to Mr Keld Holm, international economist at Lehman Brothers, the London investment bank, the Nordic region is locked in a series of interconnected vicious circles – with no exit in sight. "Everything has come at once," he says, "the lack of US recovery, the weak dollar, and the currency troubles in Europe, where international investors have been withdrawing funds to place in economies of the 'hard core' of the ERM. Everything now looks a little more gloomy."

Sweden, Norway and Finland, although outside the ERM, have unilaterally committed themselves to maintaining their currencies within set fluctuation bands against the European currency unit, the EC's composite currency unit. But they have conspicuously failed to attain ERM-type credibility.

The financial markets appear to believe that, in an unforgiving international climate, the Nordic governments may have to ease their tough economic policies. As a result the past fortnight's surge in international demand for the D-Mark has led to large-scale withdrawal of funds from Nordic money and bond markets.

The Nordic countries have become anti-inflation champions. The annual rate of price increases in all four is now down to between 2 and 3 per cent, below the German level. Yet this virtue has not been rewarded by any improvement in economic performance.

Real (inflation-adjusted) interest rates – varying between 15 per cent in Finland and 8 per cent in Denmark – are the highest in the industrialised world. Yields in long-dated bonds, in all four markets, have risen by between 1 to 1.5 points since the Danish setback on June 2 damaged the markets' faith in the sustainability of international anti-inflation efforts.

The extreme monetary squeeze, combined with high levels of debt produced by often ill-fated commercial and residential property lending during the 1980s, have exacerbated strains in the banking and insurance sector. This has been a general factor behind the wariness on international financial markets.

The Swedish economy is due to decline by a further 1 per cent this year, following a fall of 1.2 per cent in 1991, and growth of only ½ per cent in 1990. Finland will register a contraction of an estimated ¼ per cent this year after a 6 per cent fall in GDP last year.

Norway will chalk up domestic (non-oil) GDP growth of only 1¼ per cent this year, the same as Denmark. The Copenhagen government has managed to bring its current account on balance of payments into sizable surplus – but 1992 will be the sixth successive year where economic growth will fail to exceed 1¼ per cent.

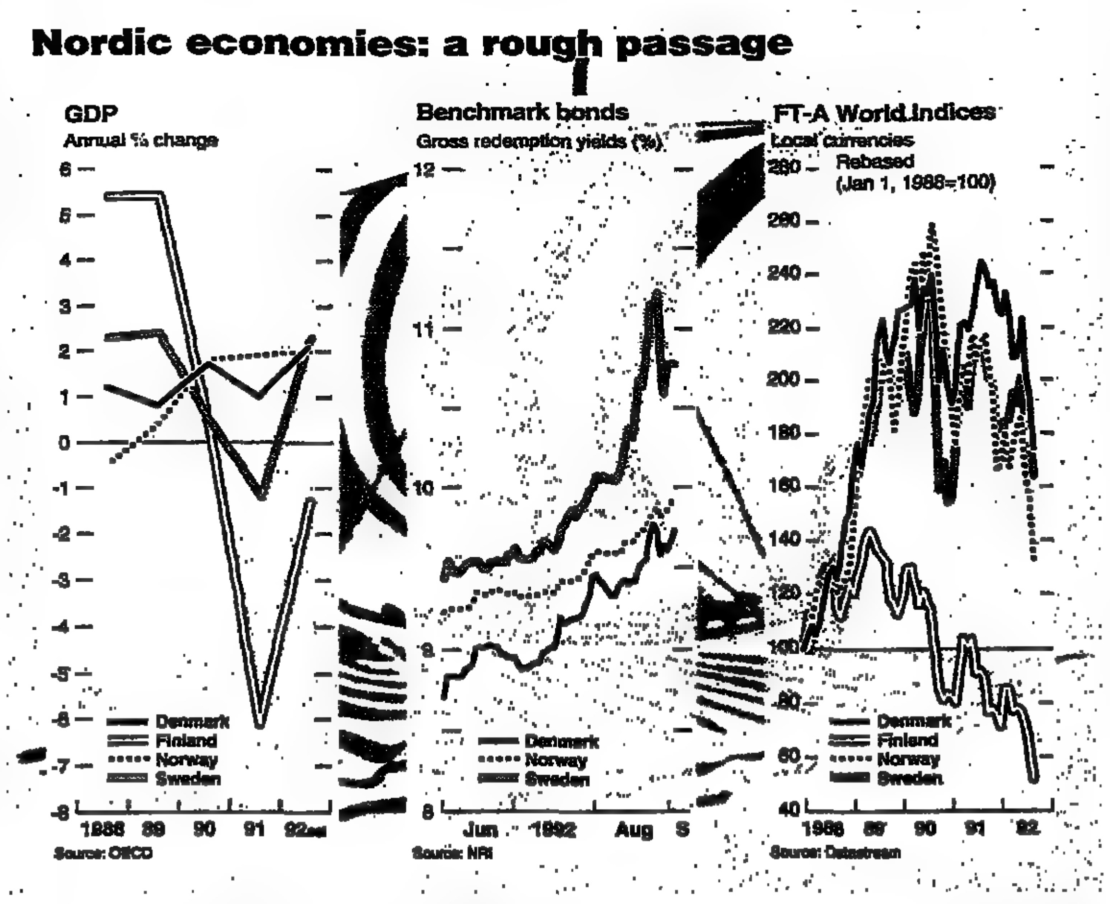
Sluggish economic growth, combined with the effects of mounting unemployment on increasing social security pay-outs, is putting great upward pressure on budget deficits.

These economic challenges are damaging the spirit of political consensus which Nordic governments need to keep alive to sustain their campaigns to join the EC. The Danish No to Maastricht, combined with realisation that EC membership will in some cases speed up painful restructuring in formerly protected economic sectors, has led to a general increase in scepticism about the effects of joining the EC.

For the moment, the general mood in the Nordic countries remains, on balance, favorable to EC membership. Latest opinion polls indicate that 54 per cent of the population are in favour of joining in Finland, compared with 41 per cent in Sweden (46 per cent in Switzerland and 38 per cent in Austria, the two other countries which have also applied).

Collapse of the Maastricht treaty, if voted down in the French referendum later this month, could, ironically, ease some Nordic difficulties in passage to the EC. Acceding to the free-market provisions of the Treaty of Rome would prove less politically taxing than agreeing to the further-reaching commitments of the Maastricht treaty in matters such as foreign policy and defence.

A French No to Maastricht would also increase still further Nordic exposure to the pressures of the financial markets. It would thus heighten the region's need to come fully inside the EC club rather than hovering uncertainly outside.



Small boat on a stormy sea

Robert Taylor on Sweden's economic malaise

Sweden is in the middle of a severe economic crisis which the centre-right government of Mr Carl Bildt believes can be solved without abandoning free-market policies.

The Stockholm bourse has fallen 3.3 per cent this week though it rose slightly yesterday, and short-term interest rates of above 14 per cent are some of the highest in western Europe. The disclosure on Tuesday by Sweden's Central Bank that SKr22bn (£2.2bn) in capital flowed out of the country last week, forcing it to raise base rates by 3 percentage points to 16 per cent, has done nothing to calm jittery foreign exchange markets.

Likening his country to a small cargo boat in stormy seas, Mr Bildt says SKr30bn of cuts, already announced, in government spending over the next three years, and cuts in corporate taxation from 30 per cent to 25 per cent, should reassure foreign investors.

Certainly there are some positive economic indicators. Inflation is running at an annual average of under 3 per cent, the visible trade balance of SKr41bn is strong, household savings have risen by 2.3 per cent this year, and there has been an improvement of 3 per cent in manufacturing productivity.

Over the past 11 months the government has launched a series of measures designed to open the country to the rigours of market forces. These include privatising its 35 state-dominated companies, abolishing restrictions on foreign ownership of Swedish companies, and the removal of the tax on share dealings. This autumn a package is promised to increase the supply of venture capital available for small and medium-sized companies.

However, many observers believe Mr Bildt faces severe problems in parliament over the next few months if he tries to implement the unpopular programmes needed to tackle Sweden's budget deficit, which could be as high as SKr160bn-180bn in the current financial year or about 8 per cent of GDP. Last year the figure was Skr70bn. An estimated half of the deficit arises from falling tax revenues because of the recession and the cost of funding unemployment benefit. The rest stems from the extravagant transfer payments of Sweden's welfare state.

"What I cannot understand is why the market should react now to our political situation when it did not do so before," complains Mr Bildt. He argues his four-party coalition has always lacked an overall parliamentary majority and has had to rely on support either from the right-of-centre New Democracy party or on the Social Democratic opposition.

But co-operation remains difficult, partly because of the personality clash between Mr Bildt and Mr Ingvar Carlsson, the Social Democratic leader. Last night, however, the Social Democrats called on the government for all-party talks on a national agreement to solve the economic troubles.

Political anxieties are of little concern to Sweden's Central Bank. It is worried about the government's commitment to reducing the budget deficit and fears that ministers believe it will correct itself when economic recovery eventually arrives. Mr Bengt Dennis, the bank's governor, provided a breathing space for the government to decide deficit-trimming policies with last week's interest rate rise – but so far the move has had little effect.

The government believes the bank should deal with the short-term difficulties of capital outflow while it concentrates on implementing its medium-term free-market strategy. Since July 1989, when Sweden abolished its foreign exchange controls, the country has survived five financial crises, each of which has seen substantial capital outflows.

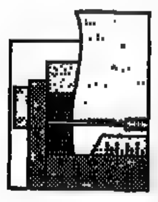
Compounding the current financial crisis is the depth and persistence of Sweden's recession which has severely hit the manufacturing sector with plant closures and bankruptcies. In addition, the financial system is in crisis, with huge loan losses from property speculation in the late 1980s hitting many banks and insurance companies.

At the moment the government refuses to change course. Some observers believe Sweden will either have to devalue its currency or accept an austerity programme to cut the budget deficit. Mr Bildt believes, "there is no alternative" to his free-market reforms. But unless the markets settle down he may be blown off course, plunging Sweden into a political, as well as an economic, crisis.

PERSONAL VIEW

Public services and public perceptions

By Howard Davies



Since 1979 British public services have been the participants – often unwilling – in a series of reforms which have brought parental choice in schools, an internal market in the National Health Service, the compulsory contracting-out of some local authority services and the introduction of the Citizen's Charter.

Much of this activity has generated a sense of unease among the consumers of these services, many of whom seem to believe that the essential virtues of public service are being sacrificed and that the government's true motives are to achieve further privatisation and to cut spending.

After five years at the head of the Audit Commission, trying to promote value for money in the public sector, I am convinced that most of these reform initiatives make sense, and over time will improve both the efficiency and quality of service. But if the government is to convince the public that the changes are positive, it will need a more consistent and systematic justification for its reform programme.

In fact, the Thatcher government did not take office with a fully fledged programme for the overhaul of public services ready in its handbag. What we have seen over the last 13 years is a series of experiments, which have taken different forms in different places.

Nowhere have the underlying principles of the government's approach to reform been brought together in a coherent way. In a pamphlet published this week by the Social Market Foundation*, I attempt to fill that gap.

With its experiments, the government has been playing with the construction of social markets – systems which duplicate in the public sector, as far as possible, those pressures for efficiency and quality of service which exist in the private

sector. It has done this, for example, by introducing compulsory competitive tendering in local-authority refuse collection and by establishing an internal market in the NHS.

In the course of doing so the government has thrown up a number of valuable ideas. What it must now do is write the rules of the game, and ensure that everyone plays by them.

The last decade has shown that competition between public services does provide a powerful stimulus for their improvement. It may, in the short term, lead to what opponents describe as "two-tier" levels of service. But that is how markets operate, and how they generate improvements across the board. So some element of competition must exist in the social market.

The competition reforms in local government and the NHS have also shown the value of instituting a clear split between purchaser and provider within public services, with one set of organisations responsible for specifying the level of service and policing its delivery, while another focuses on the provision of services on a daily basis.

The work of the professional inspectorates, which has belatedly been brought into the public domain, and of the Audit Commission, has shown the importance of independent public inspection and audit. And the Citizen's Charter is beginning to show that when public services are obliged to describe the standards of service they are seeking to meet, they generate powerful consumer pressure from below.

All these pressures must be present throughout the public sector. They help ensure that social values are maintained within a market system.

But while all these innovations have selectively shown their worth, only in the NHS have they been brought together into a coherent whole. Much of local government remains protected from competition. In the school system it is still unclear who is meant to be purchasing education on behalf of the parent. And independent audit, which was introduced into the NHS in 1989, is being removed from the school system in 1992.

Looking to the police, one can see that almost none of the reform ideas that have proved themselves elsewhere have been thought to have any relevance. There is no clarity about what the police are required to do, what the criteria for success or failure are, who the purchaser of police services is and who the provider is. And the inspection of police services remains exclusively the province of former chief constables.

Of course, there will always be those who argue, specifically, that it is dangerous to embark on the reform of the law enforcement forces and, generally, that the government should consolidate its existing reforms before embarking on more. However, if the principles of the social market approach are valid, as I believe they are, then there is no reason to deny the police their benefits.

If the government was prepared to set out the principles on which its programme is based, then it would allay public concern about the direction of its reforms, rather than creating more anxiety. That not only means explaining how market disciplines are to be introduced, but also explaining how social values are to be maintained.

* *Fighting Leviathan: Building Social Markets that Work. Social Market Foundation. 20 Queen Anne's Gate, London SW1H 9AA, £5.*

The author is director-general of the Confederation of British Industry.

British unions seek Blackpool illumination

Next week's TUC meeting will hear demands for the organisation to develop a more focused role, writes David Goodhart

Is there any point in having a Trades Union Congress? The 1,000 delegates who meet in Blackpool next week for the 124th annual gathering of Britain's "parliament of labour" must be tired of hearing that question from sceptical outsiders.

But it is not an unreasonable one, even from people who believe that trade unions continue to have an important role in industrial life. Indeed, it is a question that the congress will debate this year, albeit in coded form.

The TUC is, confusingly, both the annual seaside gathering and a bureaucracy based in London with regional branches. The latter employs about 230 people and attempts to define and communicate common union standpoints and enforce certain club rules, such as those banning the poaching of members by rival unions.

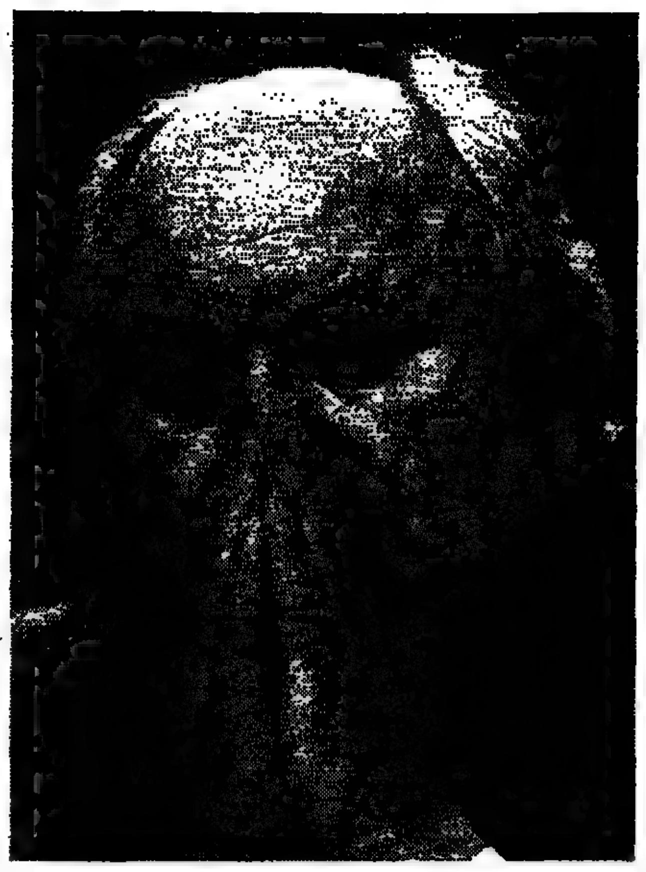
Consideration has been given to making the seaside gathering a biennial affair but the idea was rejected on the grounds that it is, in the words of one TUC official, a "unique PR opportunity". That might seem an odd notion given that for several years, and this year more than ever, pre-TUC media coverage centres on when Mr Norman Willis, the jovial but ineffectual TUC general secretary, will resign.

Almost all industrial countries have a central trade union body similar to the TUC. Some, such as France, have the misfortune to have two, based on historic religious and political rivalries. Common sense suggests that as long as there are unions there needs to be some body to co-ordinate their actions and views.

"We are the glue for the unions," claims Mr John Monks, the TUC's deputy general secretary. He should take over from Mr Willis within the year if the leaders of the big unions are prepared to translate their private criticism of Willis's leadership into action.

But does the TUC, even after the recent 20 per cent cut in staffing, really need the same staffing levels as it had in 1979, when there were more than 12m trade unionists, as opposed to today's 7.5m? And does it need the myriad of committees producing papers which have little impact? More important, should it take up the time of senior trade unionists, who might be better occupied seeking ways to run their own unions more efficiently?

The answer of leading "rationalisers" such as Mr Gavin Laird, the general secretary of the AEEU craft union, has for many years been a loud "no". Many other general secretaries, bruised from painful rationalisations within their own unions, also resent contributing so much to the £8m that the TUC will receive from its affiliates this year.



Willis: attention will focus on whether he will resign

Some of them, such as Mr Bill Morris, leader of the TGWU general union, talk about a far more compact "centre of excellence" providing important information on European Community directives, health and safety, the environment and other subjects that unions may find difficult to research on their own.

The problem in the past has always been that nobody could agree on what the TUC should cease doing to allow it to become that "compact centre of excellence". That excuse no longer holds, if it ever did, thanks to three developments:

● The fourth consecutive defeat for the Labour party and another Conservative government hostile to union views mean the TUC's traditional lobbying function on national issues looks almost redundant. The function will not disappear entirely; one side-effect of the recent abolition of the National Economic Development Council has been to open the doors of the Treasury and other Whitehall departments to discreet delegations from the TUC. But there seems little point in the TUC laboriously producing an alternative Budget every year or, as it is currently planning, duplicating the work done by the unemployment pressure groups.

● The emergence of "super unions" threatens some of the TUC's functions. The three or four large unions which will be established from the current spate of mergers, and which will account for more than two-thirds of TUC members, are likely to need only the TUC's core activities such as trade union education, and health and safety work. The small unions, which most need the TUC's services, will be outvoted over trimming services. This may eventually drive them into the arms of the super unions.

The TUC is well aware that the tide of industrial and political affairs is working strongly against it

● The government's intention to abolish the TUC's Bridlington agreement, which regulates the competition for members between unions. This is arguably the TUC's most important role in a country with multi-industry unions. Under the government's plans, workers will be allowed to join any union. As a result, the TUC's regulatory function will be severely impaired and a new round of internecine warfare between unions could further damage their standing.

At next week's conference there will be much talk of refocusing the TUC and a motion will be passed which will cut its official priorities from 17 to just six, including health and safety and relations with Europe. But when asked what the TUC would stop doing as a result of the motion, a senior TUC official could only say that "some committees will analyse things in less depth".

This will not be a watershed congress for rationalising the TUC. But coming in the wake of Labour's election defeat the organisation is edging towards a broader based politics and a a more disciplined emphasis on delivering services to members.

The TUC is also making an effort to find more common ground with employers and hence it has invited Mr Howard Davies, director-general of the Confederation of British Industry, to address the congress. However, it is hard to see anything meaningful coming out of this new relationship.

The TUC and the big unions are well aware that the tide of industrial and political affairs is working strongly against them but so far they have been impotent to do anything about it. In the short-term things will get worse as the government's latest reforms of the unions and public services – the heartland of trade unionism – further diminish numbers and influence.

Yet the paradox for the TUC and the big unions is that if they wish to have national influence again they will only do so by becoming far less political. Union leaders are prepared to see some loosening of the Labour link but they are loathe to see it cut completely.

The unions cannot be written off. Strikes are at an all time low but strikes are not necessarily an indicator of union power. More than a third of employees are unionised, more than two-thirds in the public sector, and more than half are covered by collective bargaining.

But if the unions are to maximise their potential influence they need to be better led. An important test of the unions' ability to achieve this will be the extent to which they can put their own house, the TUC, in order.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

No benefit in an ad hoc union

From Prof Peter Newman.

Sir, Co-ordinated by the UK's chancellor, Mr Norman Lamont, the EC finance ministers last week issued a ringing affirmation of the current central parities within the exchange rate mechanism. This fixity in the teeth of such profound shocks as German monetary unification means that we now live in an ERM that is essentially an *ad hoc* economic and monetary union, where all national policies are determined by the Bundesbank's reactions to Chancellor Kohl's generosity on unification. This has all the disadvantages and few of the advantages of a formal single currency.

Yet at Maastricht the UK government prided itself in not committing itself now to the permanent parities implied by a formal Emu, and was reluctant to trust Britain's monetary policy to a similarly unelected (yet more broadly based) European central bank. Sometimes it is hard to follow the higher consistency of the Treasury mind, which seems to have adopted as its motto: "If it's hurting, it's working" – the logical converse of Mr Major's famous slogan.

Peter Newman,
professor emeritus of economics,
Johns Hopkins University,
Barnhouse, Whiteway Farm,
Church Knowle, Wareham,
Dorset BH20 5NX

Baccalaureate better than early educational specialisation

From Mr Michael Barrett.

Sir, A broad-based examination with top grades at A-level or better ("Exam standards", September 3) already exists. The International Baccalaureate offers a demanding but flexible mix of numerate, literate, creative and social subjects with three taken at non-specialist and three at university entrance level. The system is highly developed, valid for a wide range of students and internationally recognised.

Why have only a few enlightened schools in the UK adopted the IB? Resistance seems to stem from the universities, or at least the prejudices of some specialists, which are transmitted to the school system. What is wrong with British education (we should say English, for the Scots are better) is not that it fails to reach the highest standards for a few exotic plants in the hothouse, but that it excludes many from discovering their growth potential by excessive early pruning.

The IB is an excellent preparation either for further studies or for professional development. I have an architect and a molecular biologist in my own family to prove it. As an executive search consultant, I constantly see evidence that early specialisation is a handicap to be overcome rather than an asset in producing rounded, educated problem-solvers. If British business is to compete globally, it needs engineers who speak Japanese, lawyers with scientific training, finance directors with geopolitical sense and politicians who understand what all these people do.

Why continue to mess about with half-baked solutions to Britain's examination needs when a tried and tested system could be adopted which would put Britain on a par with the best of international standards? If there are real objections to the IB, I should be interested to hear them.

Michael Barrett,
managing director,
GKR Japan,
Landmark Shibakoen Building,
Tokyo 105

Czech move towards capitalism

From Messrs N P Williams, M Vetrovsky and I Vohlmuth.

Sir, As directors of the sixth largest privatisation fund in the Czech Republic – and one which has not promised any inflated returns – we believe that it is your leader that is confused by coupon privatisation ("No free lunch", August 21).

We are regulated by the Investment Fund Law of Czechoslovakia and licensed by the Czech Ministry of Privatisation. We often find our meetings with Czech managers – discussing the restructuring plans for the companies that they manage but we will own on behalf of our shareholders – constructive and useful. Frequently, representatives of the companies' new foreign partners are also present at these meetings. Are you implying that companies such as Nestlé, BSN, Philip Morris, Glaverbel, Holderbank and Dow Chemical, to name but a few, are not able to produce competent management for Czech companies?

The combination of coupon privatisation with direct foreign investment into the same company will definitely contribute, to quote from your leader, to "spreading wealth among the citizens, injecting new skills into the economy and creating tradeable financial assets".

Czechoslovak economic reform cannot be looked at partially, being a three-pronged approach to the problems of the former command economy: first, macroeconomic stabilisation with tight control of government budgets combined with a stable money policy; second, privatisation both of large enterprises and small businesses; third, restitution, recreating a property-owning middle class.

We believe, unlike yourselves, that the success of this triple approach – with six-month interbank rates at approximately 13.5 per cent, the large company privatisation mentioned above and the plethora of new small and restituted businesses – is giving capitalism an excellent name!

N P Williams, M Vetrovsky,
I Vohlmuth,
Creditanstalt Investment
Company, Vorsilkska 5, 110 00,
Praha 1,
Czechoslovakia

20 pence that divides Inland Revenue from real world

From Mr Charles Christian.

Sir, I have received a carefully crafted "Computation of interest and notice to pay" from the Inland Revenue explaining why I owed it 20 pence – yes 20 – on tax overdue for the period July 1 to July 3 1992. Now, I appreciate the tax man has got me bang to rights and I have no option but to pay up, but doesn't the Revenue work for the same government that has consistently refused to introduce legislation to allow traders a statutory right to levy interest on the monies they are owed?

In the commercial world we can count ourselves lucky to be paid within 60 days. As for charging interest on late payments, forget it – the only way many businesses can ensure prompt payment is to offer their customers a discount on the price. All of which prompts me to ask: do the government and the Inland Revenue live on the same planet as the rest of us?

Charles Christian,
Ferndale House,
North Lopham,
Diss,
Norfolk IP23 2NQ

One for MMC to look at

From Mr Robin Boyle.

Sir, Last week I rang three different insurance brokers to seek a quotation for insuring my house. Each quoted on behalf of a different insurance company, and yet the three quotations were identical – and represented an increase of almost 40 per cent on last year.

I trust that the Monopolies and Mergers Commission and/or the Office of Fair Trading will want to investigate what looks suspiciously like a cartel.

Robin Boyle,
Swiss Cottage,
Derwent Drive,
Tunbridge Wells,
Kent TN4 9TB

OBSERVER

Nonchalant Norman

■ Heaven knows there are pressing questions aplenty facing the European Community finance ministers at this weekend's meeting in Bath. Quite apart from the present mayhem in currency markets, there's the matter of how to stop the exchange rate mechanism etc from going down the plughole if the French say no on September 20.

So what sort of a programme has Britain's Norman Lamont in mind for his EC guests?

Well, dinner tonight of course. But his welcoming letter says it's to be a "purely informal occasion, at which I do not intend any business to be done." Then "for our spouses there will be an opportunity to visit Wells and to see an example of how traditional English country cheese was prepared in the West Country."

While the letter includes an agenda, the topics seem hazily focused to say the least – "the economic situation in the Community", for example. And thereafter Lamont devotes two pages to asking his European counterparts to join him in discussing how to gain greater powers for their own Council of EC Finance Ministers.

Such things are highly important, no doubt. But this does seem an odd moment to have the community's finance supremos contemplating their navels and advancing their trade union interests.

Misnomers

■ Whatever may be happening to standards in the school examination system, they are certainly slipping in Britain's cabinet office.

True, it hasn't had much time to produce the latest Civil Service Yearbook taking account of the numerous changes in departmental responsibilities since the April election. But the cabinet office mandarins might at least have been expected to know the names of their political masters.

In the event, the chief secretary of the Treasury appears as Michael Portello instead of Portillo, while his financial secretary colleague Stephen Dorrell is re-christened Durrell.

Rubbish man

■ Helping out Halton Borough Council does not sound quite as romantic as buying up hundreds of square miles of African rainforests to save the gorillas. But it adds another green strand to the colourful career of Tim Midgeley, director of Biomass which has won a 20-year contract to recycle all the council household rubbish.

Midgeley, who is a Staffordshire-based environmentalist and businessman, hit the headlines in May when Biomass took over Oxford United Football Club, which was previously owned by the late Robert Maxwell. Like Captain Bob, Midgeley is a man with big ideas and he wants Oxford to have an "ecologically benign stadium" partly powered by solar panels. It would demonstrate Biomass's ethics of sustainable use of energy to Oxford United's thousands of fans.

Two years ago Midgeley, an ex-Department of Environment official, teamed up with Roy Lynk, president of the Union of Democratic Mineworkers, to mount a £1.5bn bid for Powergen, backed by the venture capital arm of Legal & General, the insurance group. It came to nothing. But

"I wonder what only obeying orders is like?"

Midgeley remains upbeat on the idea of investing in energy. "Watch this space - coal could be very interesting", will all he will say on the subject of Biomass's future plans.

Abs' last stand

■ Don't cross Hermann Abs, the grand old man of German banking. It may come as a surprise but there are still some executives in Germany who have still not taken this basic banking tenet to heart.

The latest casualty is Klaus Gallwitz, director of the Städel, Frankfurt's premier art gallery, who has been forced to take early retirement after one row too many with Deutsche Bank's honorary president (91 next month) who has been the chairman of the gallery for the past 22 years.

Gallwitz's departure next March will put an end to 19 years of feuding with Abs. Their relationship seemed doomed from the start. Abs interfered with Gallwitz's first artistic decision at the gallery – the removal of a sentimental Goethe portrait from prominent display.

Matters have since gone from bad to worse. The final straw was last October, when Gallwitz sent Abs a present for his 90th birthday – a catalogue of the museum's contents with completely blank pages.

For a town which probably spends more on culture – DM 470m a year – than anywhere else in Germany, the saga of Abs and the art gallery director is becoming an embarrassment. The burghers of Frankfurt, who have to pay for all this culture, are getting increasingly upset at Abs' meddling.

Abs apparently favours Herbert Beck, director of the nearby Liebig sculpture museum, to take over from Gallwitz. Linda Reisch, the present cultural administrator of Frankfurt, is keeping her mouth shut, but it is rumoured that she is backing Christoph Vitali, head of another local museum. If Vitali doesn't get the job he may move on. A growing number of Frankfurters believe that Abs should be the one to resign.

Footnote

■ Everyone knows that "man" is the answer to the Sphinx's ancient riddle of "what moves on four legs in the morning, two in the day, and three in the evening?" But what, besides doing that, travels on six legs late at night?

The answer is a drunken customer of the Red Lion inn at Liskeard in Cornwall, where boozers who've had one too many at closing time are issued with four-footed walking frames to help them home.

Landlord Chris Warden, who found the 20 frames in the cellar when he took over the pub, has fitted them with reflectors and bells for good measure. "Be sloshed, be safe, be seen – that's my motto," he says.

FINANCIAL TIMES
Friday September 4 1992

China threatens to pull out of arms talks over go-ahead for Taiwan F-16s

US warplane sale angers Beijing

By Yvonne Preston in Beijing and William Keeling in Jakarta

CHINA lodged one of the strongest protests heard from Beijing in a long time yesterday in angry response to the decision by President George Bush to permit the sale of US warplanes to Taiwan for the first time in 10 years.

China accused Washington of being untrustworthy and of violating the Sino-US joint communiqué of August 1982, expressing itself "shocked and outraged".

The protest threatened China's withdrawal from arms control talks between the five permanent members of the United Nations Security Council if the decision to supply Taiwan with 150 F-16 fighters was not reversed.

Warning of "a major retrogression" in Sino-US relations, it said this would have a negative impact on bilateral co-operation in the UN and other international organisations.

Qian Qichen, the Chinese foreign minister, said "the US government should be held accountable for any serious consequences". At a press conference in Jakarta, where he is leading a Chinese delegation to the summit of the Non-Aligned Movement, he added: "On the one hand, the US government is arguing for arms control, but on the other hand it is selling such sophisticated fighters."

China's foreign minister Qian Qichen answers press questions

Mr J Stapleton Roy, the US ambassador to China, was summoned to the foreign ministry in Beijing to be told by Liu Huaqiu, vice-foreign minister, that the decision was a gross interference in China's internal affairs.

The 1982 communiqué, one of three agreements forming the basis of Sino-US relations, expresses US intent to "reduce gradually sale of arms to Taiwan, leading over a period of time to a final resolution". Mr Bush helped negotiate the understanding with China a decade ago.

Proponents of the F-16 sale argue that the US has the right to provide Taiwan with the arms that it needs for its defence.

The sale of US fighter aircraft to Taiwan was blocked during the Cold War. At that time Washington needed China's help as a counterweight to the military strength of the old Soviet Union.

China has been strengthening its own military capability, buying Russian Su-27 fighters and acquiring the right to manufacture the Russian MiG-15. Taiwan has been unable to upgrade its airforce in the same manner.

China's rebuke to the US is likely to add to its unpopularity in Congress where its human rights record is under criticism and its most favoured nation (MFN) trade status under debate.

A foreign ministry official yesterday dismissed the possibility that China's protest may weaken Mr Bush's efforts to renew China's MFN status. He said the sale of F-16 fighters to Taiwan and MFN were different issues. However, China's threat to refuse co-operation in the P5 arms control negotiations may have ramifications. A consensus reached on conventional arms transfer by the permanent members of the Security Council may be adversely affected.

Editorial comment, Page 16

White House defends Bush largesse

By Jurek Martin in Washington

THE WHITE House yesterday defended as "good government" and "good politics" the largesse showered on the defence industry and on US farmers by President George Bush during his campaign swing on Wednesday.

Mr Marlin Fitzwater, the White House spokesman, dismissed objections by the Chinese government to the proposed sale of up to 150 F-16 fighters to Taiwan. "The president made his decision based on the stability of the region," he said.

Other US officials noted that China had recently acquired enough Russian-built fighters to throw Taiwan's air defence capabilities "out of kilter".

Mr Fitzwater also brushed aside the apparent reversal of administration policy on farm aid.

A new trade agreement would remove the need for subsidising farm exports, he argued. He added: "But we are not going to stand by and put our farmers at a disadvantage because we can't get a Gatt agreement from the European Community."

Both announcements – together with a fistful of others, including the hint of F-15 sales to Saudi Arabia, an additional $750m in disaster relief for farmers, the rebuilding of the devastated Homestead Air Force base in Florida, and the dropping of objections to the modernisation of the M1 tank and the Osprey V22 aircraft – have been variously attacked as crude attempts to preserve jobs and buy votes, regardless of the budgetary and foreign policy consequences.

Mr Bill Clinton, the Democratic presidential candidate and a critic of Mr Bush's alleged cosiness with Beijing, did not condemn the Taiwanese sale as such, but he questioned its timing.

But on farm subsidies, he charged the president with practising the same pork barrel politics for which Mr Bush constantly criticises Congress, pointing out that the administration had only last month promised to kill the $3bn export aid programme which it was now expanding by a further $1bn.

Mr Fitzwater, however, was dismissive of all domestic and foreign criticism. "We think obviously good government is good politics," he declared.

Even Mr Dick Cheney, the defence secretary who has gone on record many times as declaring that his department is not a social welfare agency, has no compunction now in maintaining that each action is consistent with the national interest.

All the moves of the last week bear the imprint of Mr James Baker, the former secretary of state now in charge of the White House as chief-of-staff.

They constitute a classical use of the powers and patronage of the presidency, which Mr Baker is known to feel was being insufficiently used earlier in the campaign.

Anger greets US subsidised wheat plans, Page 4

THE LEX COLUMN

Lamont's big move

Civil servants like elegance, and borrowing Ecu10bn to buy pounds and fund the borrowing requirement neatly manages to kill two birds with one stone. Interestingly, this Treasury stunt for supporting sterling pleased the gilt and equity markets, which both managed healthy gains yesterday. But the foreign exchanges seemed slightly sceptical. The reaction in gilts is understandable given that the market now has to face some £7.5bn less supply this year. Equities will be impressed not so much by the government's defence of the ERM parities as by its fierce determination to avoid an interest rate rise. As for the foreign exchanges, while the amounts involved are substantial, the money must still be used skilfully to drive sterling higher.

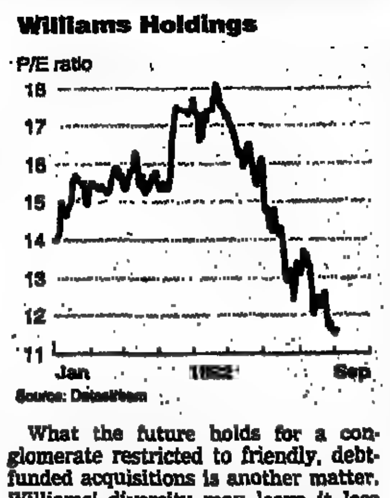
The gesture of the commitment is certainly the most important part of this announcement. But investors should bear in mind that if the gamble fails and sterling eventually falls, the government's loss, though substantial, would hardly be fatal. And given its rigid adherence to the parity, the Treasury also seems strangely reluctant in this case to make a long-term commitment. With interest rates at current levels, the government could save itself 2 percentage points in interest by borrowing marks through 10 or 30 year bonds, rather than shorter term bank loans.

While the scheme hands the Treasury plenty of firepower in the run up to the French referendum, this alone is not going to affect significantly the supply and demand balance in the foreign exchanges. Investors will no doubt still ponder the fundamental position of the UK economy and the amount of intervention which may be required if the French say No.

Williams Holdings

Having turned its back on hostile takeovers following last year's failed bid for Racal, Williams is now earnestly proclaiming the attractions of debt finance. Sceptics will argue that Messrs Rudd and McGowan are making a virtue out of necessity. The shares are trading at a 15 per cent price earnings discount to the market, hardly a position of strength. Whatever the reasoning, the new approach struck a chord with the market. Yesterday's 7 per cent rise in the share price was underpinned by relief that a respectable set of interim figures was not blemished by an equity-financed acquisition.

FT-SE Index: 2381.9 (+68.9)



What the future holds for a conglomerate restricted to friendly, debt-funded acquisitions is another matter. Williams' diversity may leave it less exposed to the dangers of debt finance in a downturn than some other companies, but the market will want to see gearing and interest cover maintained at prudent levels. If the interest bill is to be covered, say, six times by earnings, around £200m additional debt could be raised to fund acquisitions. This hardly leaves Williams hamstrung, but it would seem to rule out a big move.

On the evidence of yesterday's 6 per cent fall in interim pre-tax profits Williams may yet enhance its reputation for tight management. In most areas margins continued to improve, and the building products side in particular is showing remarkable resilience to recession. Without the distraction of failed bids or controversial accounting policies, such strengths may be better reflected in the share price. Yet old takeover habits die hard: the market may well be reluctant for now to put the shares on an above average rating again.

Rolls-Royce

In many ways Rolls was lucky that its unexpectedly poor interim results came on a day when the stock market generally pepped up. Its share price, down 4p at 128p, admittedly stood out as one of a mere handful that fell; the damage might have been considerably worse, though, if background sentiment had been weak.

The chief explanation for a first half profit of just £20m – almost double last year's figure but well below most hopes for £30m-£35m – seems to have been the impact of the dollar. Investors have to take the company's word that this knocked £10m off the result; in the absence of any information about Rolls' forward cover or the assumptions it makes about realised exchange rates they are nevertheless entitled to be cautious about the outcome for the year. To some extent, however, the market has only itself to blame for getting carried away about the prospects for recovery in civil spares which Rolls was always anxious to play down.

The combination of the company's technological and marketing skills still holds out the promise of long-term jam; on the basis of yesterday's figures, though, the progress in getting there is going to be somewhat slower.

Ladbroke

Ladbroke's shares have taken a beating since the election. Yielding around 10 per cent - some 50 per cent above the sector average - investors may ask if the selling has gone too far. Judging by yesterday's interim results, it is too soon for a re-evaluation. Hotels and property remain dependent on the elusive economic recovery. Added to that, Ladbroke has over £1bn of net borrowings. Though gearing is only 35 per cent, that has to be seen in the context of £831m of intangible assets on the balance sheet and about $1bn of property which may face further provisions. At present the company intends to maintain this year's dividend. What remains unclear is the extent to which the company's cash flow will allow it to increase the payment in future.

Dividends

No less than 12 UK companies with a stock market capitalisation of more than £100m – including five Footsie constituents – reported interim figures yesterday. Not one of them cut their dividend. The average increase in their payouts, indeed, was broadly in line with inflation at 3.8 per cent. On the view that dividends are one expression of a company's confidence over the medium term, the trend must be mildly encouraging. It is worth pointing out, however, that while yesterday's sample reflected a wide spectrum of businesses, the only representative from the stricken building sector was a small housebuilder of proven quality.

Sun sets on Pan Am building

By Nikki Tait in New York

THE PAN AM Building, the 59-storey skyscraper which sits on top of New York's Grand Central station and has been an integral Manhattan landmark for nearly 30 years, is no more.

Metropolitan Life Insurance Company, which owns the building, said yesterday it would remove the now-defunct airline's name – currently displayed in 15-foot lights – and replace it with "MetLife".

The insurer said that the letters would be replaced over the "next few months".

"Since Pan Am is no longer a tenant in the building and virtually out of business, it makes sense to replace the sign with a familiar name that symbolises strength, stability and long-term commitment to New York City", Mr Robert Schwartz, MetLife's chairman, said in a statement.

Rumours that the insurance company, second largest in the US, was thinking of removing the Pan Am name have circulated for some time. Earlier this year, MetLife advertised for rental space in the building. Photographs accompanying the ads had the Pan Am name airbrushed out.

That prompted some lobbying to persuade MetLife to keep the Pan Am letters - originally demanded at 30 feet by the airline's founder, Juan Trippe, when Pan Am moved into the building designed by Walter Gropius.

But MetLife claimed yesterday that letters were running five to one in favour of the change, with families of the victims of the Lockerbie bombing – causing a Pan Am 747 to crash – anxious to see the old name disappear.

German GDP fall of 0.5% confirms slowing economy

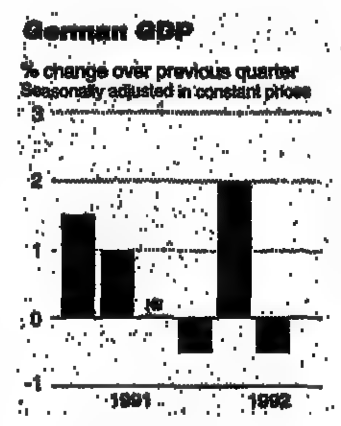
By Quentin Peel in Bonn

THE SLOWDOWN in the west German economy was confirmed yesterday, with second quarter figures for gross domestic product showing a drop of 0.5 per cent against the previous quarter.

In comparison with the same period last year, the economy still showed a small positive growth rate of 0.6 per cent, according to the Federal Statistics Office, although that was also sharply lower than the 3.2 per cent posted in the unseasonally mild first quarter of the year.

At the same time, there was a slight drop in unemployment in both halves of Germany in August, although it amounted to less of an improvement than normal for the time of year.

Unemployment in western Germany fell by 6,100 to 1,821,600, a constant rate of 6 per cent. In the east, where the official unemployment level is suppressed by subsidised job creation schemes, short-time working, early retirement and retraining programmes, the number out of work fell by 19,500 to 1,168,700, down from 14.6 per cent to 14.4 per cent.



In the hothouse atmosphere of the German economic debate, the figures were immediately subjected to conflicting interpretations.

Mr Helmut Schlesinger, the Bundesbank president, emerged from his fortnightly board meeting to insist that they showed "we are neither in a recession, nor can one speak of recessionary tendencies in western Germany". He admitted, however, that there were some elements of weakness in the west German economy, particularly in exports and in domestic demand for industrial equipment.

The Bundesbank made no move to alter its key interest rates to signal any relaxation in its tough monetary restraint. Mr Schlesinger said the discount rate increase agreed in July (from 8 to 8.75 per cent) had done what it was supposed to do: namely, increase domestic bank lending rates, but barely affect money-market and capital market rates.

However, the Bundesbank stance was sharply criticised by the DGB union federation, which called for a relaxation of interest rate policy to help the fight against unemployment.

Thatcher attacks Major over Europe

Continued from Page 1

bucks you – and hard".

Her remarks – delivered in a speech in Korea but released by her office in London – came as the Foreign Office signalled that Mr Major would reaffirm his strong support for Maastricht in an important policy speech next week.

Mr Tristan Garel-Jones, minister responsible for Europe, said Mr Major remained convinced that the agreement on economic and political union was "good for Britain and good for Europe".

Mr Major plans to devote most of his speech to setting out his vision of a wider, liberal and outward-looking Europe when he opens the flagship conference of Britain's EC presidency on Monday. But Mr Garel-Jones said the prime minister he would "undoubtedly re-emphasise" his firm commitment to Maastricht.

Speaking at the launch of the conference, Mr Garel-Jones insisted that the UK expected the French electorate to vote Yes in the September 20 referendum. "I do not anticipate anything but a Yes vote".

But he acknowledged also that in its role as EC president, the UK was drawing up contingency plans in the event of the treaty's rejection by France.

Whitehall officials said the plans included an emergency meeting of EC foreign ministers in New York on the day after the referendum. The ministers, who will be attending the United Nations general assembly, could then decide to call for an emergency summit of EC leaders.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
				Boulogne	F	16	[illegible]	Frankfurt	F	19	66	Majorca	S	27	81	Oporto	S	22	72	Tenerife	S	30	86
				Brussels	C	15	59	Geneva	C	17	63	Malaga	S	26	79	Oslo	C	13	55	Tokyo	S	35	95
				Budapest	S	25	77	Gibraltar	F	23	73	Malta	F	27	81	Paris	R	17	63	Toronto †		–	–
Ajaccio	S	25	77	Buenos Aires	C	12	54	Glasgow	F	[illegible]	57	Manila	C	30	86	Prague	F	20	68	Tunis	F	29	84
Algiers	S	28	82	Cairo	S	24	75	Helsinki	F	16	61	Melbourne	F	12	54	Reykjavik	S	6	43	Valencia	S	28	82
Amsterdam	F	15	59	Cape Town	F	14	57	Hong Kong	[illegible]	32	90	Mexico City	F	25	77	Rhodes	S	31	88	Venice	S	23	73
Athens	S	34	93	Caracas	F	28	82	Innsbruck	F	22	72	Miami †	S	28	82	Rio d'Janeiro	R	33	91	Vienna	F	23	73
Bahrain	S	36	97	Casablanca †	C	24	75	Inverness	C	[illegible]	54	Milan	S	25	77	Rome	S	26	79	Warsaw	C	18	64
Bangkok	F	34	93	Chicago †	C	18	64	Islamabad	F	32	90	Montreal †	C	12	54	Salzburg	S	22	72	Washington †	C	22	72
Barcelona	S	26	79	Cologne		–	–	Istanbul	F	27	81	Moscow	R	13	55	S'Francisco †	C	16	61	Zurich	C	17	63
Beijing	S	33	91	Copenhagen	F	[illegible]	68	Jakarta	R	32	90	Munich	C	20	68	Seoul	F	27	81				
Beirut	S	30	86	Corfu	S	32	90	Johannesburg	S	25	77	Nairobi	C	20	68	Singapore	F	33	91				
Belfast	F	13	55	Dallas †	C	21	70	Lisbon	S	26	79	Naples	S	29	84	Stockholm	C	15	59				
Belgrade	S	27	81	Dublin	S	14	57	London	[illegible]	16	61	Nassau	C	32	90	Strasbourg	C	17	63				
Berlin	C	19	66	Dubrovnik		–	–	Los Angeles †	F	19	66	New Delhi	F	30	86	Sydney	S	20	68				
Biarritz	C	[illegible]	68	Edinburgh	F	14	57	Luxembourg	C	14	57	New York †	C	23	73	Taipei	R	32	90				
Bombay	Dr	27	81	Faro	S	26	79	Madeira	[illegible]	24	75	Nice	S	21	70	Tangier	S	27	81				
Bordeaux	C	21	70	Florence	[illegible]	25	77	Madrid	S	28	82	Nicosia	S	35	95	Tel Aviv	S	33	91				

Temperatures at midday yesterday
† Noon GMT temperatures
C - Cloudy Dr - Drizzle
F - Fair Fg - Fog H - Hail
R - Rain S - Sunny
Sl - Sleet Sn - Snow
T - Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
Friday September 4 1992

INSIDE

Citicorp plays down leaked criticisms

Citicorp, the leading US bank, played down reports yesterday that federal bank examiners had been critical last month of the management and credit quality of its mortgage subsidiary. Citicorp said that US mortgage problems "are not new to our management" and added that these had been identified and disclosed, and were already being addressed. **Page 20**

CIBC falls 7% in quarter

Earnings at Canadian Imperial Bank of Commerce, Canada's second biggest financial institution, fell 7 per cent in the third quarter, with higher loan loss provisions and expenses offsetting increases in interest and fee income. **Page 20**

Budapest banks on salami

Never before has so much depended on a sausage: Budapest's stock market, hungering for nourishment, is eagerly waiting the flotation of Pick Salami, the leading producer of Hungary's very own sausage. Brokers hope the launch of Pick, and Danubius Hotel and Spa Company, which follows, will end a dry spell of share issues, overlay investors' bitter experience of Hungarian privatisation and draw them back to the market. **Back Page**.

Sowing the seeds of trust

When Mr Artur Shaikhislamov, a Russian poultry unit engineer, arrived in Iowa on a farmer-to-farmer exchange programme in early July, he was amazed by what he saw. US agricultural technology was impressive, but what really wowed him was the trust between people and their sense of personal responsibility. "We can't trust people. It's not their property. It doesn't matter for them how good their work is," he explained. **Page 32**

Aker's resignation and write-off

Aker, the Norwegian cement, oil and gas technology group, announced the resignation of Mr Gregers Kure, president of the group's oil and gas technology division, after the disclosure that the group had written off NKr400m ($72m) against its annual result. **Page 20**

Hutchison buys stake in port

Hutchison Whampoa, the Hong Kong conglomerate controlled by Mr Li Ka-shing, has acquired 50 per cent of Shanghai's container port for $HK1.4bn ($180m). The container terminal is to be expanded to almost double its existing capacity by 1995. **Page 21**

T&N rises 71% in first half

T&N, the UK motor components and engineering group, increased pre-tax profits 71 per cent, from £20.3m to £34.7m ($69m), in the first half. The main factors were returns on US investments and cost-cutting. **Page 24**

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
Douglas	494	+	24	Accor	564	+	26
Leifheit	430	+	15	Bancaire Cie	308	+	15
Linotype-Hell	363	+	11	Ecco	410	+	22
Schmalbach Lub	392.5	+	22.5	Saint Gobain	535	+	35
Falls				UAP	372	+	25.2
Asko	660	–	8	**Falls**			
Beiersdorf	670	–	20	Cogifi	313.5	–	16.5
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Borland	44¼	+	1¾	Hitachi Chem	820	+	100
Intel	52¼	+	1½	Kitano Cons	1320	+	190
Microsoft	79⅜	+	1	Morinaga	614	+	69
Sun Micro	27¾	+	⅝	Shimizu Kaiko	585	+	70
Falls				**Falls**			
Lomar Homes	24¾	–	1⅞	Crown	386	–	64
May Dept Sto	59⅞	–	⅞	Dowa Cons	539	–	60

New York prices at 12.30.

LONDON (Pence)							
Rises				Norex	90	+	25
Amber Day	30	+	4	Pentos	75	+	10
Anova Pet	40	+	8	600 Group	31	+	3½
Bridport Gdry	58	+	8	Sterling Tst	60	+	23
BurmahCastrol	573	+	28	Sun Alliance	253	+	31
Cookson	134	+	12	T&N	138	+	9
Euro Disney	643	+	40	Trafalgar Hse	48	+	3½
Forte	134	+	8	**Falls**			
Gestetner	130	+	9	Fila Indmar	38	–	5
Hawthn Leslie	2½	+	1¼	Rolls-Royce	128	–	4
Holmes Marchant	12½	+	4½	Scot Met Prop	26	–	3
ICI	1106	+	35	Wimpey (G)	79	–	4
Lucas Inds	89	+	7				
MTM	35	+	5				

Pressure mounts on Britain's $-sensitive companies as US currency weakens

Rolls-Royce fails to reach forecasts

By Paul Betts, Aerospace Correspondent

THE weak dollar depressed Rolls-Royce's first-half profits, already under pressure from the slump in the commercial airline industry and a shrinking defence market.

Although the UK aero-engine and industrial power group's *first-half pre-tax profits rose to* £20m ($39.8m) from £11m the previous year, this was at the bottom end of City of London forecasts of between £25m and £40m.

The shares fell 4p yesterday to close at 128p in a strong market.

The company said the weak dollar had reduced profits by about £10m compared with last year. Sir Ralph Robins, chief executive who succeeds Lord Tombs as chairman next month, said the company had a dollar exposure of between 22 per cent and 23 per cent of turnover.

The weaker dollar is benefitting Rolls-Royce's two principal US rivals, General Electric and Pratt & Whitney.

Sir Ralph said the company would pursue its drive to improve efficiency leading to further job cuts in the second half. The workforce has been cut by about 9,000 people during the past 18 months and between 800 and 1,800 more cuts are expected in the second half of this year.

Restructuring charges totalled £14m in the first half.

The company's confidence in the long-term is reflected in the decision to maintain its interim dividend unchanged at 2.55p but it is uncovered by earnings of 0.9p per share.

Lord Tombs said the company was encouraged by its strong order books of £6.7bn.

First-half turnover declined 2 per cent to £1.638bn from £1.67bn.

Aerospace activities reported a £2m profit compared with a £10m loss last year with turnover dipping to £924m from £987m. The industrial power business reported higher profits of £28m *against £26m with sales rising to* £714m from £683m.

Company-funded research and development investments was £109m in the first half, down from £113m a year ago.

Sir Ralph said the civil airline business had strong growth potential, but a recovery would hinge on a world economic turnaround.

The company was continuing to shrink its defence business but maintaining the capability to take advantage of a sudden pick-up.

Sir Ralph was optimistic Saudi Arabia would go ahead with its order of between £4bn and £5bn for Tornado and Hawk aircraft.

Lex, Page 18

Courtaulds Textiles gloomy over upturn

By Daniel Green in London

COURTAULDS TEXTILES, the UK's second biggest textiles and clothing manufacturer, issued a bleak warning on prospects for recovery yesterday, saying that "there are no signs of improvement in trading conditions".

The company blamed "the high *level of European interest rates* [which were] seriously depressing consumer spending and business confidence".

In addition "the over-valuation of European currencies against the US dollar undermined competitiveness". Without the dollar's fall, pre-tax profit would have risen by twice as much as it did, said the company.

The statement came with the company's half-year results which showed a small improvement in pre-tax profits to £17m ($34m) from £16.6m in spite of a fall in turnover to £394.9m ($790m) from £451.6m. Earnings per share rose to 12.7p (12.3p) and the dividend was raised by 4.8 per cent to 4.4p (4.2p).

The higher profits were largely the result of cost-cutting and strong cash flow to cut debt, said Mr Martin Taylor, chief executive. "It is a case of fewer people with less capital working harder in more difficult circumstances to make more money."

"Even the strong businesses have had a tough time. Profits have been improved by cutting out the weak," he said.

The difficulties showed up at the operating level, where profits were down from £20.4m to £19.7m. "Chronic dollar weakness added to the pressure on margins," said Mr Taylor.

Courtaulds Textiles is especially exposed to the performance of the dollar against European currencies because it has 80 per cent of its production in Europe. The dollar's fall has left the company vulnerable to cheap imports from the Far East, where many currencies are dollar-linked.

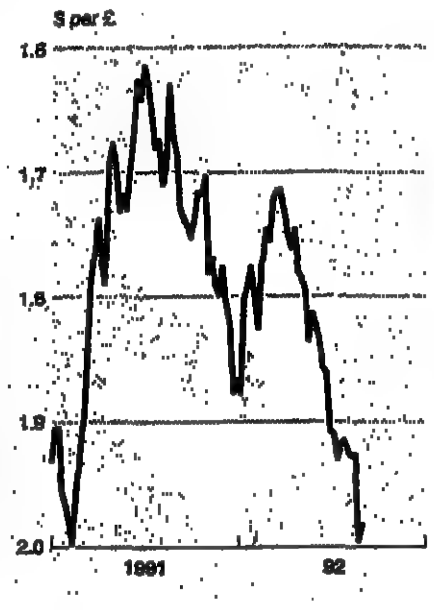
Adjusting for disposals, closures and foreign exchange transactions, turnover would have fallen only 3.5 per cent, instead of 12.6 per cent.

Since Courtaulds Textiles was demerged from the chemicals company Courtaulds in March 1990, it has pursued a policy of tight control over costs, working capital and cash flow. That cash flow has been used to cut debt from a gearing of 50 per cent at the time of the demerger to less than 5 per cent forecast for the end of the current year.

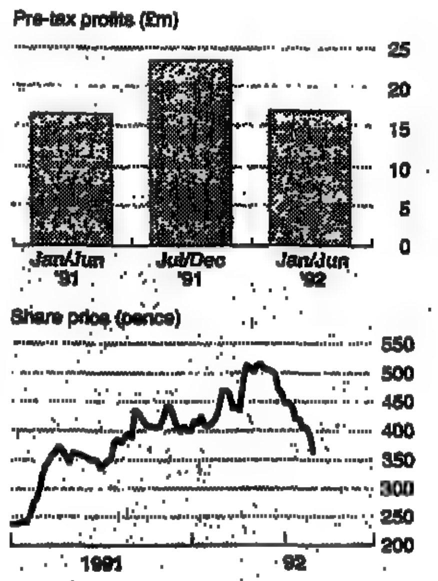
This was reflected at the interim stage in a further fall in interest charges to £3.1m from £5.6m. There were exceptional charges of £2m.

Courtaulds Textiles shares rose 13p to 386p.

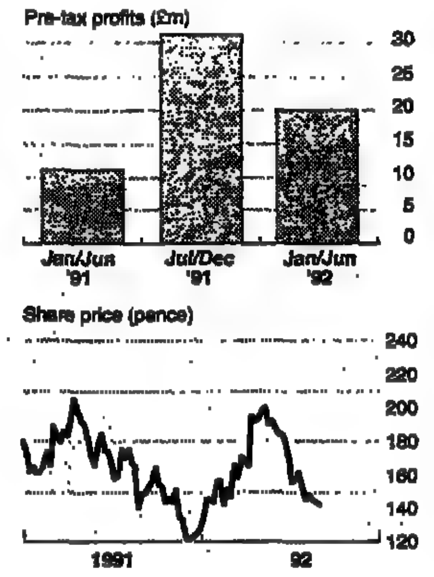
Dollar



Courtaulds Textiles



Rolls-Royce



Source: Datastream

Strength of sterling sparks off interim complaints

By Our Financial Staff

WHILE the markets' attention has been riveted on the pound's weakness within the ERM, UK company chairmen have been peppering their interim reports with complaints about sterling's strength.

Yesterday, for example, Rolls-Royce, Courtaulds Textiles Burmah Castrol, Ladbroke and Reckitt & Colman all drew attention to the impact on their results. At Rolls-Royce, the weak dollar reduced half-year profits by about £10m compared with the same period the year before. Courtaulds Textiles said its pre-tax interim profit had been half as high as it should have been because of the dollar's weakness.

Burmah Castrol said that if the dollar remained at its current level, there could be a 10 per cent deterioration of the dollar-related portion of its profits in the second half.

For UK companies with operations in the US, every dollar of American profits is now worth less when converted into pounds. And those that export from Britain have costs that seem high in dollar terms, placing them at a disadvantage in the US market or when competing with rivals with costs denominated in dollars.

Analysts at UBS Phillips & Drew, the stockbroker, put together a hypothetical portfolio of companies with high overseas earnings, most of them heavily exposed to the dollar. It has actually done rather better than the market as a whole in recent weeks.

Mr Alun Jones of UBS says part of this is due to a relatively strong performance by big pharmaceutical stocks, which have been affected by factors other than currencies. Stripping out those companies, however, still leaves the overseas earners performing no worse than the market as a whole. He believes this is because the recovering US economy gives many of the companies concerned healthier revenues, offseting what they lose from currency translation.

Those companies which suffer the dollar effect without a big enough offset from US demand, however, have the worst of both worlds. Oil companies and clothing and textile manufacturers are two examples. As Courtaulds Textiles' chief executive, Mr Mar*tin Taylor says: "You can't hedge* against economic disadvantage".

BP moves on sale of Australian mine stake

By Kevin Brown in Sydney and Kenneth Gooding in London

BRITISH PETROLEUM, the UK oil group, said yesterday it had been negotiating with a potential *buyer of its 49 per cent share*holding in the Olympic Dam copper-gold-uranium mine in South Australia for nine to 10 months, but it would take several more weeks before it knew if a deal could be signed.

Analysts suggested this might provide an opportunity for Western Mining Corporation, which owns the other 51 per cent of Olympic Dam and is the operator, to trigger its pre-emptive right to buy the BP stake.

WMC would have 90 days to exercise its right to buy after being informed by BP of the agreed sale terms.

BP said it had also still to discuss the potential sale with Australia's Foreign Investment Review Board. This implies the would-be buyer is not Australian, which rules out both WMC and another potential front runner, CRA.

While refusing to identify the potential buyer, BP denied press suggestions that it was talking to Cogema (Cie Générale des Matières Nucléaires), the French uranium group. Analysts suggested yesterday that some Japanese or South African groups might be interested in the stake. Gencor of South Africa said recently it was on the verge of announcing an important offshore investment. "Could this be it?" asked Mr Rob Weinberg, analyst with Societé Générale Strauss Turnbull Securities.

He said Minorco, the overseas investment arm of the Anglo American Corporation-De Beers group of South Africa, might also be a potential buyer.

BP's search for buyers has been *complicated* not only by WMC's right of first refusal but also because there is a clause in the joint venture agreement which requires BP to finance 100 per cent of the expansion of Olympic Dam up to 120,000 tonnes of copper a year. Capacity at the mine was recently boosted to 65,000 tonnes but any potential buyer would have to agree to take on BP's commitment to spend several hundred million dollars on further expansion.

WMC derived a net profit of A$19m from its investment in Olympic Dam in 1991-92, on revenue of A$130.3m (US$93m). The mine is valued in the group's *books at A$425m.*

WMC results, Page 21

IBM to form separate business to develop and market PCs

By Alan Cane in London

INTERNATIONAL Business Machines has decided to spin off its personal computer operations as a separate business.

The world's largest computer manufacturer said yesterday that *it had established a new unit, the* IBM Personal Computer Company (IPCC), with responsibility for developing, manufacturing, distributing and marketing the company's range of personal computers.

IPCC will be based in Somers, New York State; Mr Robert Corrigan has been named president and *Mr Edward Rogers, chief* financial officer.

With inherited annual sales of about $7bn, it starts life as the world's largest personal computer concern.

Yesterday's announcement confirms earlier reports that Mr James Cannavino, IBM's general manager of personal systems, has *been anxious to focus IBM's per*sonal computer activities in a single, autonomous division.

IPCC will remain within IBM's corporate structure but will have *greatly increased freedom in set*ting budgets, sourcing components and recruiting staff.

The personal computer business depends on speed and flexibility to market changes and is far removed from the mainframe and minicomputer businesses which constitute IBM's traditional strengths.

IBM created the modern personal computer market, but has increasingly been under pressure from competitors manufacturing copies, or clones, of its best-selling design and marketing them through unconventional channels, such as mail order. It has seen its global market share slide from more than 30 per cent to under 20 per cent as competitors, including Dell and Compaq as well as Asian manufacturers, have brought out innovative, low-cost products of equivalent *quality*.

In Europe and Canada it has already formed wholly owned subsidiaries to sell low-cost clones sourced from Asia.

Industry observers said the formation of IPCC seemed a cosmetic gesture rather than a fundamental attempt to create a true personal computer culture within *the mainframe giant*.

They say the company's products will continue to be marketed by IBM's sales force while the structure of the personal computer business in Europe will remain largely unchanged.

Philips launches cost-cutting drive

PHILIPS, the electrical and electronics group, has launched a worldwide cost-cutting drive aimed at saving "hundreds of millions of guilders" during the remaining four months of the current year, Reuter re... from Amsterdam.

The compan... ify the pre... to save... be le...

"I... exer... divis... Mr Eel... spokesman... division will escap...

Philips acknowledged th... new cost-cutting drive, which comes on top of a large restructuring launched in 1990, was prompted by the depressed state of many of its main markets, particularly consumer electronics from which the company derives almost half its revenue.

"Economic forecasts are... not so good in... that are...

...id ...tried ...corpo- ...ductiv- ...inesses ...tructur- ...s Opera- ...ny dis- ...inesses ...l 2.2bn ...es and ...s. The exercise ...s totalling Fl73m.

However, Mr Brouwers said the latest cost-cutting exercise would *not involve layoffs or financial* write-offs that might negatively ...the group's results in the ...ent year.

Philips, which has been struggling to recover from big losses in 1990, last month reported a fall in second-quarter net profit to Fl82m from Fl187m a year ago.

The company has warned that net profit for the current year will be below the level of 1991, reflecting concern over the depressed consumer electronics market where it is launching its compact disc interactive (CD-I) *system, followed later this year* by the planned launch of digital compact cassettes, the successors to analogue audio cassettes.

While Philips hopes these products, as well as widescreen and high definition television, will stimulate demand, none is expected to contribute significantly to *profits in the near term.*

Austrian oil company slips into loss in first six months

By Neil Buckley

OMV, the Austrian national oil group, blamed a severe recession in the plastics and chemicals industry as it fell into a pre-tax loss of Sch584m ($59.7m) in the six months to June, from a Sch807m profit in the same period last year.

The loss exceeded forecasts of about Sch500m, and OMV warned it expected a significant fall in earnings for the full year, although it hoped to end 1992 in profit. Continued low profits from the plastics and chemicals sectors were expected to be offset by better results from the energy division.

Mr Wolfgang Ruttensdorfer, chief financial officer, said OMV expected to return to former levels of profitability in the medium term, and was likely to maintain its full-year dividend of Sch20 a share.

He added that OMV was launching a cost-cutting programme aimed at saving Sch1bn a year by 1994.

Staff costs would be reduced through early retirement, natural wastage and a change in the pensions policy. Capital expenditure would also be cut except where it relates to OMV's long-term strategy, including plans to secure a leading position in the oil and gas businesses of central Europe.

First-half turnover this year fell slightly to Sch39.9bn from Sch40.6bn, with energy accounting for more than three-quarters of this. Profits in the energy division were Sch305m, with particularly strong results from exploration and production, and the gas business.

However, slow economic growth and a fall in the price of petrochemical products led to a loss by the refining business.

The chemicals division made first-half losses of Sch203m, blamed on a depressed market and competition from cheap imports.

Plastics, however, made the largest loss, at Sch686m, hit by a severe recession in the polyolefines plastics business.

The Austrian government has plans to merge OMV with the utility Verbundgesellschaft in a reorganisation of Austria's state-owned industrial companies, which would create an energy group with turnover of more than Sch85bn.

CIBC falls 7% in third quarter

By Bernard Simon in Toronto

CANADIAN Imperial Bank of Commerce's earnings dipped by 7 per cent in the third quarter, with higher loan loss provisions and expenses offsetting increases in interest and fee income.

Loan-loss provisions rose to C$188m (US$157.9m) from C$168m a year earlier. But the bank, which is Canada's second biggest financial institution and one of the biggest lenders to ailing property developer Olympia & York, has left its total 1992 loan-loss estimate unchanged at C$1.75bn.

CIBC wrote off C$1bn in the second quarter to cover expected losses from O&Y and other problem loans. Earnings fell to C$186m, or 85 cents a share, in the three months to July 31, from C$201m, or 96 cents a share, a year earlier. Return on equity slipped to 12.3 per cent from 13.4 per cent, and return on assets to 0.57 per cent from 0.67 per cent. Non-performing loans stood at C$2.7bn on July 31, an increase of C$282m from the previous quarter. The bank ascribed the rise mainly to further difficulties in its real-estate portfolio.

The C$1bn second-quarter write-down pushed CIBC to a C$33m loss for the nine months to July 31. But Mr Al Flood, chairman, said the bank would report positive earnings for the year as a whole, and would maintain its quarterly dividend.

Mr Flood, who took over as chairman in June, was due yesterday to unveil senior management changes as part of a drive to improve the quality of CIBC's loan portfolio, focus its business on North America and integrate its corporate and investment banking divisions.

CIBC is the last Canadian leading bank to report third-quarter earnings. The others ranged from a 14 per cent improvement at Bank of Montreal to a 57 per cent fall in net income posted by Royal Bank of Canada.

Banesto group drops to Pta2.8bn

By Tom Burns in Madrid

CORPORACION Banesto, the holding company for the industrial assets owned by Banesto, the large Spanish bank, suffered a fall in first-half profits to Pta2.8bn ($31m) from Pta19bn in the corresponding period last year.

The result in 1991 was lifted by income of Pta12.8bn from extraordinary items, most from the sale of its oil refining and distribution subsidiary to BP. Extraordinary income in the 1992 first half was Pta2.8bn.

Analysts said this year's first-half figures indicated a strong second quarter by Corporacion Banesto. In the first quarter it lost Pta4.6bn. They suggested that Corporacion Banesto could be close to achieving its 1991 net profit of Pta4.5bn.

● Banco Central Hispano, Spain's biggest banking group, raised its consolidated first-half group profits by 9.1 per cent to Pta36.4bn.

Profits from trading were down 6.7 per cent to Pta66.5bn but income from extraordinary items rose 47 per cent to Pta31.4bn.

UK insurer held back by housing market

By Richard Lapper in London

THE problems of the housing market are holding back the pace of recovery at Sun Alliance, the insurer, which yesterday reported an interim pre-tax loss of £97.9m ($194.83m).

The result compared with a loss of £114.1m at the halfway stage in 1991. Losses per share rose to 14.1p, from 13.5p, and the interim dividend was maintained at 5.25p.

Losses on domestic mortgage indemnity business, which insures mortgage lenders against losses on their sales of repossessed properties, were estimated at £108m.

Total provisions against mortgage indemnity claims amounted to £435m. Mr Roger Neville, chief executive, said: "The problem will continue until the housing market and the economy generally make a sustained recovery."

The loss overshadowed steady improvements in most other areas, where underwriting results have benefited from rises in premium rates and a fall in losses from subsidence and bad weather.

Motor rates have been increased by up to 30 per cent, while rate increases of between 20 per cent and 30 per cent had been achieved in the commercial risks market, according to Mr Scott Nelson, general manager.

Rising premium rates helped cut the overall underwriting loss to £280.8m from £305.2m last year. UK underwriting losses were£244.7m, against £243.4m, but some £42m of this loss was due to the group's exposure to the IRA bombs in London this April.

Life insurance profits rose 9 per cent to £27.3m from £25.9m last time while investment income fell to £155.6m from £165.2m.

The group has cut costs. UK staff numbers have been cut by 12 per cent in the past 18 months. Shareholders' funds at June 30, excluding life business, amounted to £1,394m.

Details, Page 23.

Citicorp plays down leaked report

By Alan Friedman in New York

CITICORP, the leading US bank, played down reports yesterday that federal bank examiners had been critical last month of the management and credit quality of its mortgage subsidiary, one of the biggest in the US with an estimated $24bn of assets.

The criticism, contained in a document dated August 18 and leaked simultaneously to two US newspapers, accused Citicorp's mortgage operation of sloppy practices that caused excessive risk to the bank.

According to extracts of the report that were published in the US yesterday, the examiner found serious issues warranting the attention of senior management "in virtually all functional areas" and demanded plans for corrective action within 30 days.

Citicorp's share price was affected by the reports yesterday, at first declining by 50 cents and then stabilising at $16⅝, down by $⅜.

The bank released a tersely worded statement yesterday morning, the bulk of which was devoted to a discussion of the relative legality of US news organisations receiving and publishing a federal bank examiner's report.

The substantive portion of the Citicorp statement noted that "if regulators were requiring us to take material new reserves or restatements, we would have to disclose that, and we have made no such disclosure".

The bank said that US mortgage problems "are not new to our management" and added that these had been identified and disclosed, and were already being addressed.

Citicorp also noted that in its 1991 annual report it had said its mortgage origination activities in the US were restructured and credit criteria for the US mortgage business "were reformulated in order to improve the business's credit performance".

Citicorp said that for legal reasons it could not comment on "the content of what is purported to be a working document of the Office of the Comptroller of the Currency". A measure of Citicorp's apparent anger at the reports was the bank's statement that if the two US newspapers actually held the federal documents "possession and publication would be illegal."

The bank added that the report would in any case be "already outdated as simply one of many working documents that typically apply to one of our periodic regulatory audits".

Citicorp said the information contained in such reports "is designed to elicit responses from management and therefore may or may not be entirely accurate and may not include appropriate context for interpretation by others".

Aker executive quits after heavy write-off

By Karen Fossli in Oslo

AKER, the Norwegian cement, oil and gas technology group, yesterday announced the resignation of a senior executive following the disclosure that the group has written off NKr400m ($69.3m) against its annual result.

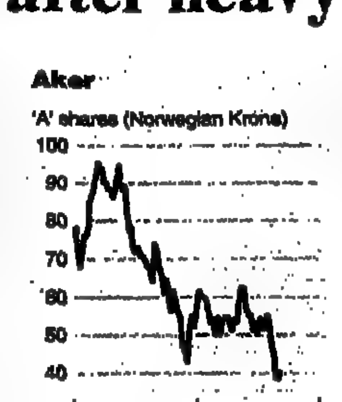
The write-off relates to engineering changes the group has been forced to make to a NKr25bn oil platform project being constructed by a subsidiary. The group's A shares fell NKr7.50 to NKr 32.50 and the B shares dropped NKr 6.50 to Nkr36 following the announcement.

Mr Gregers Kure, president of the group's oil and gas technology division, who was heavily involved in the Heidrun project – the world's first floating concrete tension leg platform being built for Conoco Norway – resigned.

In August last year, Aker was forced to take a NKr300m charge against accounts after a concrete platform it was building sunk in a fjord. Four months later, the company extended another platform by four metres, following changes made to specifications by the operator of the project.

Aker said yesterday: "Preliminary assessments indicate that Norwegian Contractors [the subsidiary] will record a loss in 1992 of around NKr400m."

Mr Tom Ruud, Aker's president and chief executive, stressed yesterday that the group would post a profit in 1992, and would suffer no liquidity problems as a result of the charge.



Source: FT Graphite

Last autumn, Conoco extended the dimensions of the platform which increased costs of the project by NKr2.1bn to NKr25bn. But this change had been taken into account when Conoco last December was awarded a NKr2.5bn contract covering engineering, procurement and construction of the platform.

Mr Oeyvind Kvall, a Conoco Norway spokesman, said that alterations to the design had also been made last winter, incurring costs of NKr170m which the two companies agreed to split, but denied that fresh changes had been made.

Industry experts suggest that Aker grossly underestimated the technical scope of the Heidrun project and that due to the complex, technical nature of Norway's North Sea oil and gas developments, domestic engineering firms were being pushed to their limits, and possibly beyond, by the oil companies.

Ahold improves 7% to Fl 153.3m

By David Brown in Amsterdam

AHOLD, the Dutch food retailer active in the US and the Netherlands, reported a 9 per cent increase in first-half net earnings to Fl 153.3m ($93m). However, growth was checked by economic slowdown and the lower dollar rate in which nearly 50 per cent of sales were denominated.

Turnover advanced 10 per cent to Fl 11.8bn, of which Fl 5.8bn was generated by the Dutch Albert Heijn supermarket chain where sales advanced 7.1 per cent. The US operations powered ahead 17.3 per cent, due mainly to last year's acquisition of the New York-based Tops chain.

Autonomous sales growth in America was put at 3.4 per cent. Six-month operating profit, excluding income from unconsolidated subsidiaries and financial costs, was up 10 per cent to Fl 261m.

In the second quarter, operating results fell 5 per cent to Fl 114.9m against last year but this was counter-balanced by other unconsolidated income and lower costs and taxes.

Ahold has reiterated its expectation that 1992 net profit will would exceed the Fl 275.8m of last year, in spite of start-up losses at its new Czechoslovak operation and slower growth.

Ames revises reorganisation

AMES DEPARTMENT Stores, which went into bankruptcy over two years ago, yesterday filed a revised reorganisation plan, writes Nikki Tait in New York.

This would offer creditors – whose claims total $1.6bn – some $325m in cash over four years, $35m of secured notes, certain litigation units and new shares in the reorganised company.

INTERNATIONAL COMPANIES & CAPITAL MARKETS

Santos offers A$560m for Sagasco

By Kevin Brown in Sydney

SANTOS, the Australian oil and gas group, yesterday offered A$560m (US$402.4m) in cash for Sagasco, a quoted oil and gas group controlled by the state government of South Australia. The offer follows the government's decision to sell a 56 per cent holding in Sagasco to help finance about A$3bn in taxpayer support for the loss-making State Bank of South Australia.

The offer values Sagasco shares at A$2.63, a premium of nine cents over the share price before the government's announcement in July. Sagasco shares have been trading at about A$2.75 recently.

Mr Malcolm Kinnaird, Sagasco's chairman, said the offer seriously undervalued the company, and claimed it breached the federal Trade Practices Act, which regulates competition. However, analysts said the bid had a good chance of success, partly because Santos plans to retain Sagasco's workforce and float shares in its gas subsidiary, probably through a preferential allocation to South Australian residents.

The proposals were welcomed by South Australian trade union, consumer and business interests, which feared the state government's decision to sell its holding would mean a transfer of control outside the state.

There was no comment from the Trade Practices Commission, the federal competition watchdog, which had expressed concern about the level of competition in the South Australian energy market.

Mr Ross Adler, Santos managing director, said the bid would allow Sagasco to remain part of the "commercial fabric" of South Australia. "We think the price is fair and I think [that] from the community's point of view it's a worthwhile initiative," he said.

Control of Sagasco would significantly increase Santos's oil and gas interests in the Cooper and Eromanga basins in South Australia, which form the cornerstone of both companies' operations.

Santos believes the basins hold sufficient reserves to sustain production at existing levels into the next century. Oil production from the region is in decline, but Santos said there was "considerable potential" for further discoveries.

It is to fund the acquisition through debt and said its strong cash flow would allow "a substantial reduction" in gearing over the medium term.

Western Mining in the red

By Kevin Brown

WESTERN Mining Corporation (WMC), the Australian mining group, yesterday blamed lower metals prices and an abnormal loss of A$200m for a consolidated net loss of A$8.5m (US$6.07m) in the year to end-June. Last time the group turned in a profit of A$276m.

Sales were down 6.8 per cent to A$1.4bn.

The board cut the final dividend to five cents, fully franked, compared with 11 cents in the second half of the previous year. This made a total for the year of 11 cents, fully franked, compared with 24 cents.

The result was towards the top end of market expectations, and the shares gained four cents to close at A$5.02.

WMC said consolidated operating profit was down 30 per cent to A$205m, mainly because of lower prices for nickel and oil, and lower earnings from gold because of lower production.

Equity-accounted net profit, which includes the group's interests in associated companies, fell to A$161m from A$362m in the previous year, mainly due to a decline in the contribution from Alcoa to A$141m from A$278m. The group said Alcoa was performing well in a difficult market.

The abnormal loss mainly comprised write-downs of A$180m against the carrying value of a number of mines, which were announced at the halfway stage.

The group has since added a A$20m provision for environmental rehabilitation of nickel mining projects.

Mr Hugh Morgan, managing director, said the group had made "commendable progress" towards improving production at its Kalgoorlie nickel smelter and Kwinana nickel refinery.

The group said it had reached agreement with the WA government for the development of the A$60m Nifty copper project in the Great Sandy Desert.

Hutchison Whampoa takes half share in Shanghai container port

By Simon Davies in Hong Kong

HUTCHISON Whampoa, the Hong Kong conglomerate controlled by Mr Li Ka-shing, has acquired 50 per cent of Shanghai's container port for HK$1.4bn (US$181.2m).

The container terminal is to be modernised and expanded to almost double its existing capacity by 1995.

Hutchison owns 60.5 per cent of Hong Kong International Terminals (HIT), the world's largest privately-owned container terminal operator, which will manage the Shanghai port operations with the Shanghai Port Authority, Hutchison's joint venture partner.

The port of Shanghai lies at the mouth of the Yangtze river and is the outlet for China's growing industrial heartland.

Brokers welcomed the news. Hutchison recently announced a HK$1.42bn write-down of the value of its investment in Husky Oil, and followed this by a share placement at the resultant low stock price.

The newly-formed Shanghai Container Terminals (SCT) will control Shanghai's three existing terminals, which have a combined capacity of 850,000 TEUs (20ft equivalent units).

By 1995, capacity is expected to be increased to 1.6m TEUs. In addition, SCT will have preferential development rights for a planned container terminal in the new 350sq km economic development zone of Pudong.

The deal comes at a good time for HIT, which is involved in a battle for Hong Kong's ninth container terminal. If it loses, it will reach full capacity by 1995, with a throughput of 3.9m TEUs a year. Shanghai would add a further 41 per cent to that capacity.

Strong performance lifts Amcor

By Kevin Brown

AMCOR, the Australian paper and packaging group, has defied recession in its main markets, registering a 29 per cent increase in consolidated net profit to A$223m (US$160.3m) in the year to end-June. Turnover rose 23 per cent to A$4.1bn.

The group also reported an abnormal net profit of A$43m, reflecting an A$80.5m profit on the sale of part of its stake in Mayne Nickless, the transport, security and health group, offset by restructuring costs.

Amcor said profits had been lifted by a strong performance by its core paper and packaging activities in Australia, and the consolidation of Spicer's paper from January, when the group increased its stake from 19 per cent to 46 per cent.

The board declared a final dividend of 15 cents a share, franked to 95 per cent. The interim dividend was 14 cents, franked to 64 per cent. The total of 29 cents compares with 27 cents in the previous year.

Amcor said the "excellent" result was achieved in spite of severe recession in Australia and its other main markets in New Zealand, Canada and Europe. Activities outside Australia accounted for 35 per cent of sales and 23 per cent of operating profits.

Pancontinental stages turnround

PANCONTINENTAL Mining, the Australian mining company, staged a turnround to an operating profit after tax of A$55.6m (US$40m) in the fiscal year ended June 30, swinging from a year-earlier loss of A$106.3m, AP-DJ reports from Sydney.

Group sales advanced to A$214.6m from A$179.3m last time.

Pancontinental said it was well positioned to take immediate advantage of any further firming in the weak cyclical upturn in certain commodity prices. It said this would be assisted by the recent fall in the Australian dollar/US dollar exchange rate.

Brambles Industries fall in line with forecast

BRAMBLES Industries, the Australian industrial services group, yesterday reported a 6.2 per cent fall in net profit for 1991-92 to A$185.75m (US$132.6), Reuter reports from Sydney.

"We estimate that this year's profit outlook contains up to 8 per cent growth which is largely independent of economic conditions," Mr Gary Pemberton, chief executive, said. "It is based on issues specific to Brambles, such as the expansion of our US activities."

Mr Pemberton pointed out that the annual profit was in line with the forecast at the half- year.

"The two big factors in the result were the reduction in interest income and the severe downturn in the construction industry in Australia," he added.

Mr Pemberton said the economy in Australia continued to be flat at best.

"For the first time in 18 years, Brambles' revenue in Australia actually declined."

He said that despite concerns with the move to European unity, Brambles' European business had delivered a higher trading profit. Operating profit for European businesses rose to A$146.30m from A$142.7m.

Leading Japanese bank to restructure

By Emiko Terazono in Tokyo

KYOWA Saitama Bank, a leading Japanese commercial bank, yesterday unveiled a restructuring plan including cuts in executive salaries and a cut in capital spending.

Its move follows similar pledges made by Dai-Ichi Kangyo Bank, the largest commercial bank, earlier this week.

Last week, in its economic support package, the Japanese government called for the rationalisation of operations at Japanese banks.

The banks are working on a plan to set up a corporation which would buy land being used as collateral for bad loans and the government has hinted there might be government help.

The banks' announcements comes as the Japanese business community has started to express dissatisfaction at the "special treatment" being given to the banking industry.

Although other leading commercial banks are expected to follow DKB and Kyowa Saitama, it will probably be insufficient to win public approval for the government support the sector is being given.

Kyowa Saitama's programme includes a 5 per cent cut in executive compensation and a Y45bn ($366.3m) reduction in capital spending over the next four years. Entertainment and travelling costs will be cut, and the number of directors, currently 50, will be cut. The bank will also review its branch network.

Daishowa Paper to pass payout

By Emiko Terazono

DAISHOWA Paper, the Japanese paper manufacturer lead by Mr Ryoei Saito, the controversial art collector, said it would not pay its interim dividend for the six months to September.

It had scheduled an interim dividend of Y3 per share, but has been forced to suspend payment due to the continuing slowdown in the Japanese economy, and the sluggish paper and pulp market.

To reduce its mounting debt burden, Daishowa has been struggling to off-load assets, including cross-shareholdings. The company said yesterday it had agreed to sell its pulp plant and lumber mills in Canada to its joint venture with Marubeni, a leading trading company, for Y110bn ($895m).

Daishowa also warned that results for the full year could be worse than forecast. For the year to next March, it initially estimated a pre-tax loss of Y20.9bn and an after-tax loss of Y4.5bn on sales of Y416bn.

US Treasury to test single price auction

By George Graham in Washington

THE US Treasury plans an immediate start to its experiment with single price bond auctions with this month's auction of two and five-year notes.

The Treasury plans a year-long test of the single price auction formula, replacing its current multiple price system for all monthly sales of the two and five-year notes.

Under the current auction format, the Treasury determines a cut-off price at which it can sell all the securities it put up for auction, but successful bidders must pay the price specified in their bids.

With the single price formula, the Treasury will determine a cut-off price in the same way, but all successful bidders will pay this price.

Mr Jerome Powell, under-secretary for finance at the Treasury, said academic research suggested this should result in more competitive bidding and should therefore reduce the US government's borrowing costs.

"You are letting people pay a lower price than they bid or get a higher yield than they bid, which would appear to cost us money. On the other hand, everyone bids more aggressively," Mr Powell said.

Treasury officials argue that securities buyers have an incentive under the current system to aim for the market consensus. This leads many buyers to bid through the big dealers who have the most information about the market, because if they bid too high they will end up owning bonds or notes for which they have paid more than the market price – the winner's curse.

"The theory is that people would bid more aggressively because no-one would suffer from this winner's curse," Mr Powell said.

The Treasury plans to judge the success of the single price experiment at reducing its borrowing costs by comparing the volume of bids with the volume of securities auctioned, and the auction yield with the yield of the same securities in the "when-issued" market before the auction takes place.

It will also examine the number of competitive bidders, the concentration of awards with certain firms and the yield dispersion of accepted bids.

Dealers expect the Treasury to sell around $15bn of two-year notes and $10.5bn of five-year notes, the same volume as last month, at the first single price auction in three weeks' time.

GPA plans further asset-backed issues

By Daniel Green

GPA, the world's largest aircraft leasing company, is planning two more asset-backed securitisation issues within the next few months.

Mr Maurice Foley, GPA chief executive, speaking yesterday at the Financial Times conference on World Aerospace and Air Transport, said the company intended to launch a second Aircraft Lease Portfolio Securitisation (Alps) fund "early in the autumn". The fund would have a value of about $750m.

A third fund would follow by March 1993.

These two issues follow the ground-breaking $500m Alps issue by the Irish company in June this year.

Citibank is the sole lead bank for the next Alps, having been joint lead bank with Lehman Brothers with the first. The next issue would be structured "very much like the first Alps," said Citibank.

Alps 1 was made up of five tranches: two public offerings consisting of $208.4m fixed-rate bonds and $104.2m floating-rate notes, a $70.4m private placement and two tranches of subordinated debt.

Maurice Foley: issue would help solve capital shortage

Mr Foley said that such instruments would help solve a capital shortage in the airline industry.

They "offer airlines the opportunity to uncouple from dependence on bank debt … and widen the investor base to those who might not otherwise invest in airlines".

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 04.09.92: Pool purchase price £/MWh	Final Prices for Trading on 07.08.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.71	17.71	17.71
0100	17.71	17.71	17.71
0130	17.71	17.71	17.71
0200	17.69	17.70	17.70
0230	17.69	17.70	17.70
0300	17.69	17.70	17.70
0330	17.69	17.70	17.70
0400	17.69	17.70	17.70
0430	17.69	17.70	17.70
0500	17.69	17.70	17.70
0530	17.71	17.70	17.70
0600	17.71	17.70	17.70
0630	17.70	17.70	17.70
0700	21.81	19.84	22.51
0730	22.97	21.29	23.95
0800	23.62	23.72	26.44
0830	24.38	24.53	27.24
0900	24.81	26.40	29.16
0930	24.82	26.95	29.72
1000	24.83	26.95	29.71
1030	24.83	26.95	29.67
1100	24.84	26.95	29.63
1130	24.85	26.95	29.63
1200	24.86	26.95	29.62
1230	24.84	26.95	29.62
1300	24.87	32.95	35.77
1330	23.83	26.40	29.07
1400	23.82	25.93	28.60
1430	23.68	25.03	27.67
1500	23.68	25.93	28.60
1530	23.68	25.93	28.60
1600	20.03	25.93	28.60
1630	20.03	25.93	28.60
1700	25.27	25.93	28.59
1730	25.27	27.99	30.70
1800	25.27	27.99	30.72
1830	25.27	25.93	28.61
1900	23.30	24.53	27.18
1930	19.74	23.83	26.47
2000	22.00	23.72	26.36
2030	25.64	22.00	22.00
2100	26.88	23.31	25.94
2130	26.64	27.99	30.75
2200	24.12	27.99	30.76
2230	22.90	23.31	25.95
2300	21.26	23.31	25.96
2330	20.85	22.80	25.48
2400	20.71	21.28	23.91

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-458789 between 8.30am and 5.15pm Monday to Friday.

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Positive response to currency plan

By Peter Norman, Economics Correspondent

AND with one bound he was free!

The innovative foreign currency borrowing plan announced yesterday by Mr Norman Lamont, the chancellor, achieved more than its primary goal of strengthening the pound. It also boosted UK equities, the gilt edged and money markets and the dollar.

Mr Lamont has put his money where his mouth is by making clear the Ecu10bn borrowing in foreign currencies will be converted into sterling through the foreign exchange market in addition to any normal market intervention. Some Ecu5bn will be borrowed in D-Marks – some in the next few days, the rest by the end of this month – and sold for pounds.

The British government has borrowed foreign currencies on many occasions before to strengthen its gold and currency reserves. But this is the first large borrowing in D-Marks for many years and the first occasion in which the government has committed itself to converting the proceeds into sterling.

The effect has been to create a demand for the pound and to underline the government's commitment to sterling's DM2.95 parity in the European exchange rate mechanism.

Mr Lamont now has a very real incentive not to devalue the pound in the European Monetary System, because that would raise the cost of servicing and paying back the debt.

As the markets responded positively to the British government's decision to tie the pound more closely to the D-Mark, officials were hopeful the UK may be able to avoid a damaging rise in bank base rates from their current 10 per cent level in the event of a French No vote in the September 20 referendum on the Maastricht treaty.

The borrowing programme is also intended to strengthen Britain's defences against a further slide in the US dollar and a consequent appreciation of the D-Mark.

With President Bush's fortunes uncertain ahead of the US election in November, the Treasury and Bank of England are aware the US could order a further cut in official short-term interest rates, despite their being an already wide 6.75 percentage points below equivalent German rates.

The sterling proceeds of the Ecu10bn borrowing programme will be used to help finance the public sector borrowing requirement, which in this financial year is expected to overshoot the government's £28bn target.

Norman Lamont: real incentive not to devalue

But the size of the borrowing – equivalent to £7.27bn – reflected the UK authorities' assessment of what would impress foreign exchange markets and does not reflect any official estimate of the likely borrowing overshoot.

Governments are normally wary of borrowing large sums of money abroad. It is a measure often associated with the lax finances of "banana republics".

But the Treasury and Bank reasoned the plan announced yesterday was to deal with an external problem created by the upward pressures on the D-Mark and the dollar weakness that had left the pound unfairly caught in the crossfire.

According to officials, the borrowing plan is acceptable when seen in the context of the UK's firm to tight monetary stance.

The plan was hatched by the chancellor, senior Treasury officials and monetary experts at the Bank, headed by Mr Eddie George, the deputy governor, as sterling's position on the foreign exchange markets deteriorated recently.

It is hoped the measure could even prove a good deal for the British tax payer, if, as expected, the borrowed funds will be converted into sterling while the pound is weak in the ERM and paid back when it is stronger.

As they contemplated yesterday's measures, officials could only think of one serious downside risk – that the Treasury would lose in the event of a collapse of the ERM or a devaluation of the pound.

But these contingencies, as Mr Lamont has repeatedly underlined this summer, form no part of government economic policy.

Funding programme to have dual function

By Tracy Corrigan

THE Treasury's new Ecu10bn multi-currency funding programme, announced yesterday, represents an innovative two-pronged attack on the government's financial difficulties.

The financing will have the dual function of supporting sterling in the foreign exchange market and funding government spending.

The Bank of England, charged with arranging the Ecu10bn borrowing, must tread a fine line between securing the lowest possible interest rate costs and achieving its foreign exchange objectives.

The first part of the financing consists of a multi-currency revolving credit facility totalling Ecu5bn, the largest ever completed. The entire proceeds of the facility will initially be drawn down in D-Marks and then sold for sterling, providing a substantial boost for the pound.

The first half of the facility, due to be signed today, will be drawn down in the next few days, and the remaining DM5bn later in the month.

The interest rate on drawings is ⅛ point above the London interbank offered rate, and drawings can be made in D-Marks, dollars, yen, Swiss francs or Ecu. The facility, arranged by Barclays Bank, Lloyds Bank, Midland Bank and National Westminster Bank, runs for three years.

The zero risk weighting of UK debt, which means that no extra capital has to be earmarked, allows banks holding the paper to earn a reasonable return.

The margin, given the extremely large size of the deal, was considered about as narrow as banks would accept. Although a recent three-year loan for the European Community paid interest of only 1/16 point over Libor, the size of the deal was much smaller at Ecu500m and the deal proved difficult to syndicate: Crédit Lyonnais has kept about 70 per cent of the paper.

In the case of the UK's Ecu5bn facility, the four UK banks are taking about 70 per cent of the paper between them, with the remaining 30 per cent split between a group of international banks.

The other half of the Ecu10bn borrowing programme, which starts next month, is much less defined. Although termed a "multi-currency note issue programme", it does not consist of any preset documentation, but rather will be made up of a variety of borrowings, which could be structured in any form – bills, notes or bonds, – for any maturity, and in any currency.

However, the need to match funding costs and foreign exchange action will limit the range of options.

Once a further Ecu5bn has been raised – which is expected to be before the end of the financial year – the Bank may raise additional amounts to refinance the bank credit on finer terms. The whole amount will again be used to buy sterling. It is possible some of the funding could be done through the Bank's existing Ecu bill and note programmes, but any such funding would be in addition to the existing programmes.

Apart from its recent forays into the Ecu market, the UK has not raised funds in a foreign currency since the mid-1980s, when a series of floating-rate notes denominated in dollars were launched. Its last syndicated facility was a $1.5bn facility in 1977.

Gilts surge on borrowing move

By Sara Webb and Patrick Harverson in New York

THE UK government bond market surged two points in one of the strongest rallies seen in recent months following a Treasury announcement that the government will be borrowing the equivalent of Ecu10bn in a variety of currencies.

GOVERNMENT BONDS

The borrowing decision has two positive implications for the gilt market as it reduces funding pressure and will help to support sterling in the foreign exchange markets.

UK economists said the Ecu10bn borrowing – which is equivalent to about £7bn – would greatly reduce the government's need to borrow in the gilt market.

"The bottom line is that the government will have to sell £7bn fewer gilts" said one dealer.

According to economists' estimates, the Public Sector Borrowing Requirement (PBSR) for 1992/93 will be about £33bn, against Treasury forecasts of £28bn. Mr Ian Shepherdson, economist at Greenwell Montagu Gilt-Edged, said the government's remaining funding in the gilt market will be cut from £13bn to £6bn as a result of the borrowing plan.

Volume in the futures market was double normal levels with about 45,000 contracts traded. The Liffe gilt futures contract, which opened at 95.20, rose to 97.12 while in the cash market the 11¾ per cent gilt due 2003/07 climbed from 113.00 to 115.00 yielding 9.43 per cent.

Long and medium-dated gilt issues showed the strongest gains, reflecting the fact that these are the maturities where funding pressure was expected to be heaviest before yesterday's announcement.

■ FRENCH government bonds rallied, pulled up by the surge in gilt prices. The Matif futures contract climbed from 104.86 to 105.58 and dealers said the market managed to take the French Treasury's auction of FFr11.8bn of stock in its stride. However, the French market will be waiting to see the outcome of the television debate between President Mitterrand and Mr Philippe Séguin which was scheduled for last night.

■ US Treasury prices held steady in light trading as traders and investors anxiously awaited today's important August jobs data.

By midday the benchmark 30-year government bond was unchanged at 98¼, yielding 7.369 per cent. There was a similar lack of movement at the short end of the market, where the two-year note was down 1/32 at 100¼, to yield 4.101 per cent.

All week trading has been conducted in the shadow of today's employment report, with most participants reluctant to take large positions for fear of being caught cold in the event of a major surprise in the jobs figures.

The consensus of analysts expects non-farm payrolls to have risen 155,000 last month, following the 198,000 increase in July. Half of the monthly gain, however, is expected to result from the hiring of temporary employees under a federally funded summer jobs programme.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	107.8088	+0.620	8.81	8.75	8.86
BELGIUM		8.750	06/02	98.3000	+0.450	9.01	9.04	9.04
CANADA *		8.500	04/02	108.6500	-	7.29	7.36	[illegible]
DENMARK		9.000	11/00	95.5700	+0.170	[illegible]	9.71	9.90
FRANCE	BTAN	8.500	03/97	98.5134	+0.487	[illegible]	9.64	9.46
	OAT	8.500	11/02	98.6500	+0.690	9.00	9.19	9.06
GERMANY		8.000	07/02	100.6250	-0.050	7.91	7.89	8.09
ITALY		12.000	05/02	91.9400	+0.240	13.97†	13.73	13.58
JAPAN	No 119	4.800	06/99	99.5663	+0.102	4.88	4.87	5.02
	No [illegible]	5.500	03/02	103.4312	+0.166	4.97	4.82	5.16
NETHERLANDS		8.250	06/02	99.4350	-	8.33	8.32	8.41
SPAIN		10.300	06/02	88.5250	+2.125	12.36	12.66	[illegible]
UK GILTS		10.000	11/96	101-15	+27/32	9.56	[illegible]	9.61
		9.750	08/02	102-27	+22/32	9.30	[illegible]	9.31
		9.000	10/08	99-18	+49/32	9.05	9.32	9.03
US TREASURY *		8.375	08/02	98-27	+1/32	6.53	6.63	6.63
		7.250	08/22	98-20	+3/32	7.36	7.42	7.39
ECU (French Govt)		8.500	03/02	93.8300	+1.440	9.50	9.75	9.51

London closing. *New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Japanese deals dominate primary market

By Tracy Corrigan

JAPANESE borrowers dominated primary market activity today, with deals in the dollar and yen sectors.

INTERNATIONAL BONDS

Japan Development Bank launched a Y100bn seven-year deal, via Nomura, which met broad demand in the wake of extensive pre-marketing.

The rally in the Japanese bond market, oversold earlier in the week, provided a more positive tone for the offering. Other potential borrowers in the sector include the European Investment Bank and the World Bank.

The JDB issue was bid at 99½ at the end of trading, unchanged from its fixed-price reoffer level.

Meanwhile, Hokuriku Electric Power launched the first of an expected spate of offerings in the dollar sector by Japanese utilities. The $200m five-year deal was considered quite attractively priced to yield 54 basis points over the five-year Treasury yield at launch.

Demand for five-year Eurodollar bonds is growing, due to the steep increase in yields between three and five-year bonds, which is tempting some investors further along the yield curve.

In the Swiss bond market, the Republic of Ireland launched a SFr100m private placement of 7¼ per cent notes due 2002, arranged by Swiss Bank Corporation.

Two more banks launched subordinated floating-rate note issues, with minimum and maximum coupon levels. Toronto-Dominion Bank and Dresdner Bank added a total of $200m to the recent supply of paper.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Hokuriku Electric Power(a)†	200	6.125	101.80	1997	1⅞/0.225	Goldman Sachs Intl.
Toronto Dominion Bank(d)†‡	150	(d)	99.95	2002	½/¼	Morgan Stanley
Dresdner Bank(c)†‡	50	(c)	100	2002	½/¼	Dresdner Bank
AUSTRALIAN DOLLARS						
State bk. of N.S. Wales(b)†	75	9	100	2002	2⅛/1⅛	Deutsche Bank AG London
YEN						
Japan Development Bank(a)†	100bn	5	99.5	1999	30/20bp	Nomura Intl.
DANISH KRONER						
Nordic Investment Bank(a)†	300	10.625	101.25	1994	1⅛/⅝	Den Danske Bank
SWISS FRANCS						
Republic of Ireland(a)**†	100	7.25	101.6	2002	-	SBC
SNCI(a)**†	150	7.25	101.025	2000	-	UBS

†Final terms. ‡Floating rate note. **Private placement. a) Non-callable. b) Fungible with existing A$225m issue. Non-callable c) Coupon Pays ⅛% below 3-month Libor. Minimum 5%. Maximum 10%. Subordinated issue fungible with existing $250m issue. Non-callable. d) Coupon pays ⅛% below 6-month Libor. Subordinated issue. Minimum interest rate 5%, maximum 10%. Non-callable.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on September 3

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	107⅜	108⅛	-⅛	4.84
ALBERTA PROVINCE 9 3/8 95	600	111⅛	111⅝		5.30
AUSTRIA 8 1/2 00	400	110⅛	110⅝	+⅛	6.65
BANK OF TOKYO 8 3/8 96	100	107⅜	108⅛	-⅛	[illegible]
BELGIUM 9 5/8 98	250	115⅜	115⅞	-⅛	6.39
BFCE 7 3/4 97	150	107⅛	107⅝	+⅛	5.86
BNP 8 5/8 94	300	107⅛	107⅝	+⅛	4.58
BRITISH GAS 8 3/8 99	350	109⅛	109⅝	+⅛	6.66
CANADA 9 96	1000	111⅛	111⅝		5.32
CCCE 9 1/4 95	300	110⅛	110⅝		4.82
DIA NAVIERA PEREZ 9 96	100	99	99⅞		4.50
COUNCIL EUROPE 8 96	100	107⅛	108⅛	+⅛	5.77
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	95	96		10.02
COPENHAGEN TEL 8 5/8 96 LFr	600	98⅛	99⅛		9.27
WORLD BANK 8 96 LFr	1000	96⅛	97⅛		9.06
ENERGIE BEHEER 8 3/4 98 Fl	500	101⅛	102		8.42
UNILEVER 9 00 Fl	500	104⅛	104⅝		8.26
ALBERTA PROVINCE 10 5/8 96 C$	500	111⅛	111⅝	+⅛	6.79
BELL CANADA 10 5/8 99 C$	150	113⅝	114⅛	+⅛	7.96
BRITISH COLUMBIA 10 96 C$	500	109⅝	110⅛	+⅛	6.90
EIB 10 1/8 98 C$	130	111⅛	112⅛	+⅛	7.46
ELEC DE FRANCE 9 3/4 99 C$	275	110⅝	111⅛	+⅛	7.69
FORD CREDIT CANADA 10 94 C$	100	105⅛	105⅝	+⅛	6.86
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	74	0	1
Other Fixed Interest	12	0	3
Commercial, Industrial	412	133	888
Financial & Property	288	39	472
Oil & Gas	22	9	55
Plantations	0	0	9
Mines	34	27	89
Others	68	12	37
Totals	910	220	1,554

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
10	Nil	7/10	7pm	6pm	‡Malaya	6pm	
30	Nil	14/9	1½pm	½pm	Novo	½pm	
31½	Nil	8/9	3pm	1pm	Worthington	1pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. ‡ Placing price. †† Reintroduction. ‡ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. ■ Units comprising 4 Ords. and 7 Zero Div. Prefs. and 4 Stepped Pref. shares. ‡ Units comprising 5 Ords. and 1 Warrant.

TRADITIONAL OPTIONS

- First Dealings Sept. 1
- Last Dealings Sept. 11
- Last Declarations Nov. 26
- For settlement Dec. 7

3-month call rate indications are also shown on this page.

Calls in Barcom, Christies Intl., Euro Disney, Gestetner, Lucas Inds., Owners Abroad and Vardon. Put in Next.

LIFFE EQUITY OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allied Lyons (*573)	550	43	55	66	11	19	24
	600	16	29	41	36	42	48
	650	5	14	24	82	82	82
ASDA (*26)	20	7	7	9	1½	2½	3
	25	4	5½	6	3½	4½	5
	30	1½	3	4	8	7½	8½
Brit. Airways (*252)	240	22	29	35	7	13	17
	260	13	18½	24½	17	22	26
	280	5	12	17	31	36	39
[illegible]							

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
BAA (*666)	600	84	94	107	5	13	16
	650	45	59	77	18	26	32
	700	22	35	49	47	55	60
BAT Inds (*736)	700	70	90	97	14	28	32
	750	36	60	67	35	41	55
	800	17	37	45	67	72	86
BTR (*413)	390	30	42	48	10	14	23
	420	14	25	31	26	29	37
	460	4	12	17	59	60	64
[illegible]							
Blue Circle (*158)	140	21	27	31	2½	7	10
	160	5	15	18	10	21	22
	180	1	9	11	25	34	35
British Gas (*238)	220	20	24	29	2	6½	8½
	240	4½	12	18	5½	15	17
Dixons (*200)	200	4½	15	21	11	12	19
	220	1½	8	14	28	24	32

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Eurotunnel (*[illegible])	360	30	54	68	8	20	35
	390	10	37	53	25	37	46
Glaxo (*747)	700	54	82	98	4½	30	41
	750	18	53	72	21	51	64
Hillsdown (*101)	100	8½	19	25	7	18	23
	110	5	15	22	13	25	29
[illegible]							

Option		Calls Nov	Calls Feb	Calls May	Puts Nov	Puts Feb	Puts May
Unilever (*942)	900	50	70	89	13	22	27
	950	29	41	59	29	43	48
Brit. Aero (*227)	200	40	50	53	15	24	28
	220	30	41	43	29	36	40
	240	21	30	33	40	47	52

September 3 Total Contracts 41,665
Calls 26,653 Puts 15,012
FT-SE Index Calls 6,820 Puts 5,619
Euro FT-SE Calls 2,298 Puts 2,147
*Underlying security price. † Long dated expiry months. Premiums shown are based on closing offer prices.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p								
Allied-Lyons	49	Comm Union	34	Legal & Gen	29	SmKl Bchm A	60	Aviva Pet	25
Amstrad	6	Courtaulds	43	Lex Service	22	TI	55	BP	18
Astec (BSR)	3	Eurotunnel	32	Lloyds Bank	32	TSB	11½	Burmah Castrol	48
BAT Inds	58	FKI	8	Lonrho	12	Tesco	22	Conroy Pet	6½
BOC	63	FNFC	7	Lucas Inds	12½	Thorn EMI	63	Gaelic Res	½
BTR	35	Forte	19	Marks Spencer	27	T & N	11½	Premier Cons	2¾
Barclays	29	GKN	35	Midland Bank	30	Unilever	70	Shell	35
Blue Circle	24	Gen Accident	38	NatWest Bank	29	Vickers	15	Tusker Res	½
Boots	34	GEC	17	P & O Dfd	37	Wellcome	75	■ MINES	
Bowater	60	Glaxo	52	Racal Elect	6½	■ PROPERTY		RTZ	47
Brit Aerospace	28	Grand Met	38	RHM	18	Brit Land	18		
British Steel	7	GRE	13	Rank Org	55	Land Sec.	30		
BT	25	Hanson	18	Ratners	3	MEPC	28		
Cadburys	38	ICI	95	Reed Intl	44				
Charter Cons.	37	Ladbroke	18	Sears	8½	■ OILS			

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

COMPANY NEWS: UK

Tough second half expected with full-year profits little changed

Reckitt edges ahead to £134m

By Maggie Urry

RECKITT & COLMAN, the household goods, toiletries, food and pharmaceutical group with products ranging from mustard to indigestion remedies, managed to edge interim profits ahead despite the effect of the worldwide recession.

In the half year to end-June pre-tax profits rose by 5.2 per cent to £134.2m.

The shares initially rose sharply on the news but fell back to close with a net gain of 5p at 533p. Despite the figures being in line with expectations, analysts cut their full-year profit forecasts, expecting the second half to be flat.

Although currency movements had not had a significant effect in the first half, cutting about £1m from trading profits of £151.2m (£147.5m), Mr Iain Dobbie, finance director, warned that currency movements "will be significantly more adverse in the second half than in the first half".

Also the group indicated that trading conditions were getting worse in continental Europe, especially in Germany and the Benelux countries, while there were no signs of economic recovery in the UK and North America.

Sir Michael Colman, chairman, said a 7.2 per cent increase in the interim dividend to 5.95p took into account the drop in inflation but also the group's view of the trend of profits in the 1990s despite unfavourable worldwide conditions.

The dividend increase was slightly greater than the 5 per cent rise in fully diluted earnings to 21.24p.

He said the results were not directly comparable with the previous year's because a number of businesses had been sold, notably the US spice and seasoning subsidiary. Group sales fell 5.9 per cent to £935.7m, but were up 5 per cent on a comparable basis. The trading profit rise of 2.5 per cent to £151.2m, masked an underlying improvement of over 5 per cent.

The group increased trading profit margins from 14.8 per cent to 16.2 per cent. Of the rise, nearly two thirds was due to the disposals which had been of lower margin operations. The other one third came from greater efficiencies in the business, Mr Vernon Sankey, chief executive, said.

He said there had been a number of new product launches and relaunches around the world and marketing spending had increased as a percentage of sales. In the US the company launched Air Waves, an electrical air freshener, and a range of woodland fragrance air fresheners.

Trading profits from household goods and toiletries were slightly ahead at £104.6m (£103.4m) as disposals took profits out and the cost of product launches dampened growth.

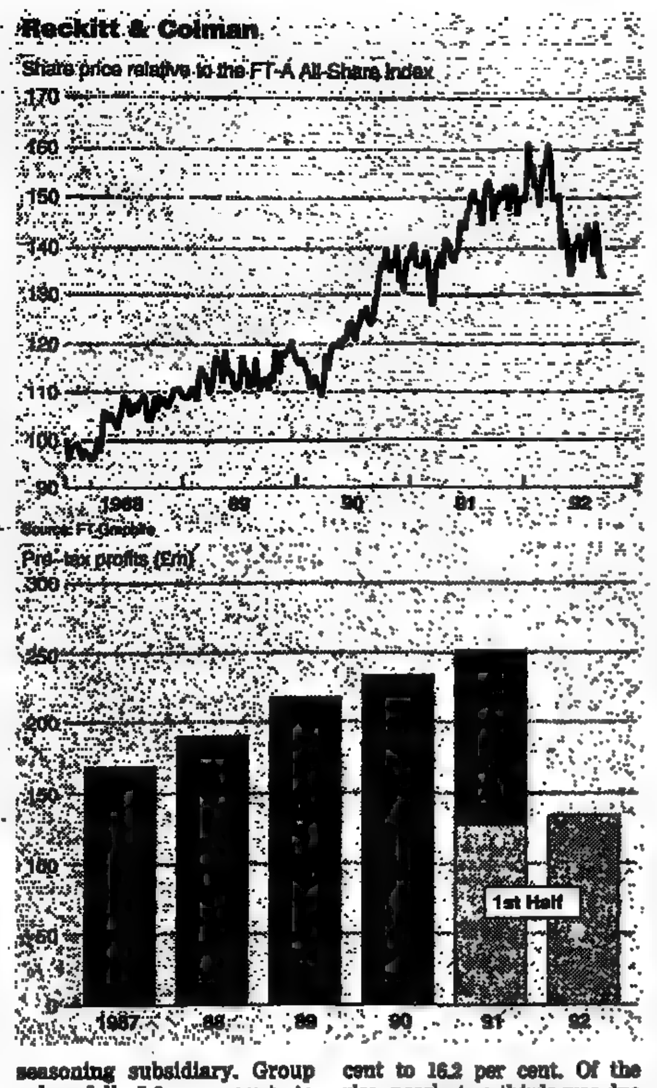
Food profits rose from £20.8m to £21.2m. The pharmaceutical division made £20m (£19.4m) and other activities added £5.5m (£3.9m).

Interest payable fell from £19.8m to £17m, as the group had raised over £150m from disposals.

There was an extraordinary debit of £52m (£7.3m) relating to the sale of the spice and seasoning business, which the group had already announced. The figure includes trading losses of £9.1m.

● COMMENT

Although Reckitt's range of products is hardly the most exposed to recession, the group has nevertheless done well to improve profits in such a hostile environment. The second half will be even tougher going and the group will do well to get profits up much this year from last time's £252.3m, implying a prospective p/e of about 13. Reckitt's longer-term strategy appears wise. Having gained the market positions in the products and countries it desired through acquisition, it will now concentrate on building its brands through new product launches and marketing investment. Even so, when – or perhaps if – the world economy recovers Reckitt's prized resilience will lose its attractions.



Hartwell takes Trimoco after share buy

By Jane Fuller

HARTWELL, the Saudi-Arabian controlled motor group, yesterday won control of Trimoco, another motor trader.

Its target capitulated after another 5 per cent of the shares were sold to Hartwell, taking its stake to 46.5 per cent.

The cash offer, increased this week to 20p a share, values Trimoco at £28.6m.

The towel was thrown in with some reluctance. Trimoco said it continued to believe that the offer undervalued the group and its prospects. Its recommendation, following the increase in Hartwell's stake, aimed to clear up any uncertainty among the group's 14,000 small shareholders.

Hartwell now faces the prospect of being asked by Ford to sell four dealerships. The combined group will have a total of 12 Ford dealerships and the maximum dictated by the manufacturer is eight.

Mr Ron Farrall, Ford's director of dealer operation, said: "We have an eight dealership rule: that I will not negotiate on. The two parties, Trimoco and Hartwell, are fully aware of our policy."

He believed the Monopolies and Mergers Commission report on UK new car sales, which was critical of some manufacturers' restrictions, would not affect rules on the number of dealerships.

If disposals were enforced, about a year's grace might be given and Ford would help with the sales, he said.

Hartwell would only say that it would continue its discussions with Ford.

Trimoco is dominated by Ford dealerships, of which it has six. It also has two Vauxhall and one Peugeot.

Bulmer gains continental foothold with Belgian buy

By Paul Taylor

HP BULMER Holdings, which has 45 per cent of the UK cider market, has acquired Ciderrerie Stassen, a Belgian branded cider company, for BFr414m (£7.2m).

Stassen, based in Aubel, near the Dutch and German borders, recorded pre-tax profits of BFr39m in the year to August 1991 and had assets of BFr115m.

Bulmer said the purchase, which will be funded from additional committed bank borrowings, was intended to increase its continental presence.

Bulmer already exports cider to Greece, Spain and the US. But has been eager to obtain a foothold in the growing market on the Continent, where cider has been successfully marketed against beer as an alternative to wine.

Belgian cider makers have been particularly successful in capitalising on the growth of the European cider market. Their exports have more than doubled over the last three years.

Stassen, a family owned company, has expanded its product range in recent years by the addition of fruit-flavoured ciders to its traditional continental-style light cider.

Mr John Rudgard, Bulmer's chief executive, said: "With the single market fast approaching, the acquisition of Stassen provides a bridgehead for Bulmer's European initiative and for the development of high-quality ciders in the UK."

In the 12 months to April 24, Bulmer raised pre-tax profits by 19 per cent to £17.1m (£14.4m) on sales up 5 per cent to £221.9m.

Pentos shares jump 15% despite drop to £2.4m

By Peggy Hollinger

PENTOS, the bookseller and print retailer, outperformed the stock market yesterday despite announcing a 17 per cent drop in pre-tax profits for the six months to June 30.

Shares in the group, which owns the Dillons and Athena retailers, jumped 15 per cent to 75p, against a market rise of 3 per cent. Profits fell from £2.9m to £2.4m, partly as a result of a 32 per cent increase in interest charges to £2.5m.

The return was struck on sales 16 per cent higher at £99.3m (£85.3m).

Mr Patrick Hooper, finance director, said the group had achieved "very good underlying sales" at Dillons. Like for like sales had risen by 3 per cent in a static market. Overall, Dillons increased turnover by 10 per cent to £49.2m.

Mr Hooper said discounting, mostly employed around Christmas, had a minimal effect in the first half.

He said Pentos was "keeping its powder dry" with regard to an autumn discounting campaign involving books covered by the net book agreement. In the past it campaigned vigorously against the agreement, which sets minimum prices for most books.

Ryman increased sales by 6 per cent to about £13.5m, excluding the office equipment group Wilding which was purchased for £3.7m in December. Overall office equipment turnover jumped 94 per cent to £24.8m.

Athena, the retailer of prints and frame products, had been hard hit by the property slowdown and sales fell 2 per cent.

The interim dividend is maintained at 0.7p, from earnings per share 24 per cent lower at 1.3p (1.7p).

Diversified Iceland achieves 19% gain to £24.2m

By Peggy Hollinger

A SHIFT in strategy, from freezer centre to high street convenience food retailer, helped Iceland Frozen Foods Holdings report a 19 per cent advance in interim pre-tax profits to £24.2m.

However, signs that Iceland's strong like-for-like sales growth could be slowing down appeared to knock the shares back. Iceland shares closed 16p down at 485p.

Mr Malcolm Walker, chairman, said Iceland had achieved 11 per cent sales growth in the six months to June 27, including inflation of some 2 per cent.

This was expected to fall back to 7 per cent in the second half, compared with 16 per cent in the second half of 1991.

Overall sales improved by 16 per cent to £480m.

The main sales growth came from chilled foods and an increased number of weekly transactions. However, operating margins were trimmed back from 6.3 to 6.1 per cent as a result of the lower return on chilled products.

Mr Bernard Leigh, finance director, said he expected that margins would not fall any further.

The proportion of chilled foods increased from 11 per cent to 13 per cent of sales. Frozen foods accounted for 57 per cent of volume, against 60 per cent last year.

Mr Walker insisted that Iceland was not abandoning its traditional frozen food market. However, he said, "we are seriously in the chilled food business, as well as frozen foods". Iceland was also testing the introduction of fresh produce in some of its stores.

During the first half Iceland opened 14 new stores, for a total of 542. The group planned an aggressive opening programme in the second half, and a record 50 new stores next year.

Capital expenditure would be £57m for the full year, slightly higher than initially anticipated.

Profits were boosted by a £1m reduction in interest charges to £4.9m.

Gearing was expected to be about 40 per cent by the year-end, against 54 per cent last year.

The dividend was increased by 17 per cent to 3.1p. Earnings per share rose from 14.09p to 16.44p.

● COMMENT

Iceland's reputation for double digit sales growth has helped the shares outperform the food retailing sector by more than 30 per cent over the last year. But doubts are creeping in to the share price, despite thoroughly commendable results. Again, investors are asking themselves whether Iceland's philosophy will work in the 1990s. The more the company diversifies, the less it is standing out from the army of other value-led retailers. The company's answer appears to be to keep its reputation for the growth through record store openings. The strong management is likely to achieve this, but eventually they will have to come to longer-term decisions on strategy. Forecasts are for £55m pre-tax. The prospective multiple of 13 may yet not fully reflect the niggling doubts about Iceland's philosophy.

Reduced interest charges behind Ladbroke's 5% rise

By Jane Fuller

A NEAR £14m reduction in interest costs helped Ladbroke Group, the leisure concern, increase pre-tax profit by 5 per cent, from £98.2m to £103.2m, in the six months to June 30.

The lessening of the interest bill followed a £464m rights issue in August last year, which cut net debt from just over £1.6bn.

By the period end borrowings stood at £1.05bn, giving gearing of 35 per cent.

Operating profit declined to £147.8m (£156.5m) on turnover of £1.99bn (£1.96bn). Interest costs of £44.6m (£58.3m) were covered 3.3 times.

The hotels division, mainly the Hilton International chain, saw operating profit fall by £10.2m to £68m on flat turnover of £383.2m. Hotel sales accounted for £23.6m (£25.6m).

Mr Cyril Stein, chairman, said: "The big change is that Japan was roaring away in the first half of last year, but it has gone the other way because of cuts in corporate spending on entertainment." It was the only country where normally the revenue from food and drink outweighed that from rooms.

Hotel occupancy levels slipped to an average of 65 per cent worldwide. However, the second half was traditionally better. The dollar-related profits of the hotel division were mainly responsible for the £2.5m sliced off profits by currency movements.

While the UK betting shops and Vernons football pools operation held up well, recession hit credit betting. This was the main factor behind a fall in the racing division's profit to £36.1m (£45m). Loss-making shops in Belgium had been closed.

Texas Homecare lifted profit to £26.8m (£23.7m) on sales of £366.6m (£318.9m) from 229 stores.

Losses from the property division deepened to £14.8m (£12.8m). Mr Stein said interest that had previously been capitalised was now charged. Overall, the amount of interest capitalised was cut from £28.1m to £1.1m.

The underlying performance was better. Rents would be worth £60m this year. By mid-1994, when rent-free periods ran out and with the tail-end of the buildings let, the annual rental would be £80m – a yield of about 8 per cent on a portfolio currently valued at nearly £1bn.

About a third of the portfolio was due for revaluation. If values were written down, it was only "a book entry", he said.

It would not affect the final dividend, which the board was planning to at least hold at last year's level of 6.23p.

The interim dividend is maintained at 4.92p. Earnings per share, affected by a higher tax charge and extra equity, slipped to 6.47p (7.82p).

See Lex

Panel rejects Ewart's claims

By Norma Cohen, Investments Correspondent

EWART, the Irish property company whose directors face removal by a shareholder group, lost its bid to have the Takeover Panel declare the group a concert party in violation of the Takeover Code.

The Panel agreed that while the shareholders have connected business interests there was no evidence that they had purchased their shares in concert with the intention of gaining control of the company.

The battle for control of Ewart, launched at the instigation of Monarch Properties, its 29.2 per cent shareholder, will be settled later today at an extraordinary meeting in Belfast. While both sides are claiming victory, it is expected that Ewart's management will win by a narrow margin.

Monarch said it had firm commitments guaranteeing it support of 48 per cent of shareholder votes. However, Ewart's management has the support of its big institutional shareholders, including the Prudential, while the dissidents have the backing of key small private shareholders, some of which have business connections with Monarch.

Documents filed at Companies House in Dublin and Belfast show that Mr Kevin Anderson, holder of 3.35 per cent of Ewart shares has a one third stake through Paramount Enterprises, a company he controls with his family.

Another one third stake is held by companies controlled by Mr Philip Monahan, chief executive of Monarch, and a further third is held by companies controlled by Mr Leo Ward, a businessman.

Sun Alliance reviews reinsurance policy

By Richard Lapper

SUN ALLIANCE, the composite insurer, is seeking to increase the level of its reinsurance protection following continuing heavy losses and a fall in its asset base and solvency.

In recent years, the company, which is the best capitalised insurer in the UK, has bought less reinsurance cover than its biggest competitors, preferring to carry more insurance exposure on its own books.

But Mr Scott Nelson, general manager, indicated yesterday that the policy was being reviewed following recent weather losses, claims of £42m after the IRA bombs in April, and a decline in the value of its equity and property assets.

During the autumn the company would seek to reduce the limits at which its catastrophe reinsurance policies came into play.

Mr Nelson warned, however, that conditions on the reinsurance market were "very tough. We can't be confident that we will achieve what we want."

● COMMENT

Sun Alliance's share price shot up by 31p following its results announcement, which showed that pre-tax losses at £97.9m to be less serious than many analysts had feared. Like its competitors, the company is beginning to reap the benefits of premium increases and more selective underwriting.

The fact remains though that failing any sudden turnround in the housing market, Sun Alliance's heavy exposure to the black hole of mortgage indemnity insurance will continue to depress the profitability which is emerging in most of its other businesses until at least well into next year. Moreover, Sun Alliance has invested more heavily in the UK equity and commercial property markets than any of its rivals, making it especially dependent on the fortunes of the wider economy. Potential investors would need to ask themselves whether those risks are adequately reflected in yesterday's closing price of 253p. Assuming a maintained dividend, this puts the shares on a yield of just under 8, compared to a sector average of under 7.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Armour Trust	fin	1.1735	Jan 8	1.1175	1.4805	1.4175
Barr & WA	int	3	Oct 30	3	-	10
Burmah Castrol	int	8.75	Jan 8	8.5	-	24
Cookson	int	3	Nov 20	3	-	8
Courtaulds Text	int	4.4	Oct 30	4.2	-	13
Edmond	int	0.35	Nov 12	0.65	-	1.85
Iceland Foods	int	3.1	Nov 15	2.65	-	8.5
Jourdan (Thomas)	int	0.5	Jan 6	0.5	-	1.5
Ladbroke	int	4.92†	Jan 4	4.92	-	11.15
Merlin Intl Tst	int	1	Sept 30	1.5	-	3.15
Nestor-BNA	int	1.15	Oct 30	1.15	-	3.15
Pentos	int	0.7	Oct 13	0.7	-	2.75
Provident Financl	int	9.25†	Nov 5	8.5	-	25
Readymix	int	0.55♣	Oct 7	0.55	-	2.75
Reckitt & Colman	int	5.95	Jan 1	5.55	-	15.1
Rolls-Royce	int	2.55	Jan 11	2.55	-	7.25
Singer/Friedl'er	int	1	Nov 2	1	-	2.5
Sun Alliance	int	5.25	Dec 1	5.25	-	14.25
T&N	int	3.5	Nov 18	3.5	-	10.85
Vinten	int	1.5	Jan 4	1.8	-	8.6
Williams Hldgs	int	5	Oct 5	5	-	12.35
Wilson Bowden	int	2.5	Nov 6	2.5	-	8.7

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ♣Irish pence.

Inntrepreneur delays issue

Inntrepreneur Estates, the joint venture company set up by Grand Metropolitan and Courage in 1990, has decided to delay its £250m debenture issue until the UK economy shows signs of recovering. The issue was expected to be launched this summer, writes Sara Webb.

The debenture will be used to extend debt maturity profile, bankers said. It has about £1.2bn outstanding in five-year banking facilities which it wants to refinance. The company raised about £1.5bn from a syndicate of banks in 1991 for the acquisition of pubs. The main £1.33bn credit was syndicated among 20 banks, arranged by Citicorp, SG Warburg, Barclays and NatWest.

COMPANY NEWS: UK

Improved margins behind 71% advance at T&N

By Jane Fuller

THE FRUITS of investment in the US and cost-cutting showed through in T&N's 71 per cent increase in pre-tax profit, from £20.3m to £34.7m, in the six months to end-June.

Mr Colin Hope, chairman and chief executive of the motor components and engineering group, said it was considering a German acquisition. Opportunities were arising as previously expensive companies fell into losses. "The time to buy is when people want to sell," he said.

Turnover was little changed at £712m (£699m). The main reason for the profits advance was a better operating margin of 8.4 per cent, up from 7.1 per cent, before exceptional costs of £5.7m (£6.8m) for job cuts and plant closures.

Profit after the exceptionals rose to £54.4m (£42.8m). The pre-tax figure was struck after £8.5m (£7.3m) of payments related to asbestos claims interest costs of £12.4m (£16.6m). Earnings per share of 4p (2.82p) just covered the maintained interim dividend of 3.6p.

In the US, where T&N paid nearly £100m (and brought in £90m debt) for JPI two years ago, operating profit jumped from £6.3m to £12m on flat turnover of £166m (£164m).

In the UK, the benefits of cost-cutting pushed up operating profit from £17.1m to £20.7m on sales of £273m (£275m). Mr Hope stressed the importance of UK earnings in the face of advance corporation tax rules that penalised international companies. The tax rate fell below 48 per cent in the first half compared with 55 per cent for 1991.

Colin Hope: considering a German acquisition

Although the continental profit figure looked disappointing at £6.2m, down from £7.4m, it was depressed by redundancy costs in Germany and a strike at an Italian factory.

Profits from the rest of the world rose by £3.5m to £15.5m.

Interim net debt stood at £180.6m (£188.8m), gearing of 33.5 per cent.

● COMMENT

It has been much easier to appreciate T&N's industrial strategy of building up an international auto engineering group than its record on earnings per share and returns on cash outlay. The balls kept in the air have included capital spending sustained at £80m to £100m a year, increased research and development, heavy rationalisation costs and a dividend maintained without cover. It seemed something would have to give – and shareholders have often done so. At last, the crucial link between the industrial strategy and the profit and loss account – cutting costs to achieve international competitiveness – has delivered some good news. Even so the 10.85p total dividend looks set to be uncovered again this year, assuming a pre-tax profit approaching £70m. The prospective p/e is about 17 after yesterday's 9p rise in the share price to 136p. A yield of nearly 11 per cent offers support, although the distribution level continues to invite some criticism. A German acquisition of, say, £100m would weigh down the balance sheet and raise the spectre of a rights issue as soon as the share price registered significant gains.

Waterford Wedgwood turns in I£5.8m loss

By Tim Coone in Dublin

WATERFORD Wedgwood reported pre-tax losses increased from I£2.04m to I£5.77m (£5.47m) in the opening half of 1992 and warned that the full-year results would include further rationalisation costs.

Turnover at the luxury ceramics and crystal manufacturer remained stable at I£130m, a 5 per cent drop on the ceramics side to I£87.9m being offset by a 16 per cent lift in crystal sales to I£31.3m.

Profit before interest and tax at Wedgwood fell to I£1.47m (I£3.2m), while Waterford's losses increased to I£3.23m (I£2.1m). "Unabsorbed overheads" related to further short-time working at the Waterford plant were blamed for the higher losses there.

Mr Richard Barnes, chief financial officer, said recessionary conditions in the UK and Japanese markets were largely responsible for the decline in ceramics sales.

Improved conditions in the Irish market and the introduction of the machine-cut Marquis range of crystal improved the division's sales. Effective hedging minimised the impact of a decline in the dollar, and the group was "well covered" into 1993.

Last month Mr Paddy Galvin, chairman and chief executive of Waterford Crystal, announced plans for 500 redundancies out of the division's workforce of 1,900 in order to reduce production costs. He said yesterday: "I cannot say that it is the end of the road for redundancies. We have a deeply held belief that we should continue manufacturing at Waterford, provided we can do so economically. If it is not competitive then we cannot".

He said the Marquis range "has met all our expectations and is making profits" but he declined to reveal what proportion of sales now came from the imported ware.

Mr Donald Brennan, group chairman, anticipated difficult trading conditions throughout 1992 which would necessitate "continued short-time working and restructuring in both the Wedgwood and Waterford Crystal businesses during the second half of the year."

Losses per share were 0.91p (0.45p).

Wilson Bowden falls by a third

By Andrew Taylor, Construction Correspondent

WILSON BOWDEN, the housebuilder, estimated that it had earned almost 8 per cent of this year's expected turnover in 48 hours last month as buyers rushed to beat the deadline for the re-imposition of stamp duty.

The rush came too late to benefit pre-tax profits for the first half of 1992 which fell by a third from £15.4m to £10.3m leaving earnings per share 35 per cent lower at 8.9p. Turnover fell from £65.4m to £62.2m.

Mr David Wilson, chairman and chief executive of the Leicester-based group, said the group had shown resilience in difficult conditions; the interim dividend is maintained at 2.5p.

It had made a good start to the second half mainly due to the rush to beat the ending of the eight month stamp duty holiday on August 19. Mr Wilson said: "In two days we sold 100 homes worth about £8m. It is too early to say whether this will mean that there will be compensatory dip in September sales which would normally be expected to rise after the school holidays."

Housing profits in the first half fell by 35 per cent to £7.8m (£12m) despite selling 643 homes, only 7 fewer than in the comparable period.

Mr Wilson blamed a 5 per cent drop in the average price of its houses from £80,000 to £75,700 for a fall in margins from 22 per cent to 16 per cent.

Mr Wilson said that trading conditions, instead of improving after the general election, had worsened. As a result the group no longer expected to sell 1,600 houses this year.

"I shall be satisfied if we sell 1,300, the same as last year. At the moment we are running slightly ahead of achieving that target."

He said profits of £3m from commercial property sales of £13.5m, compared with £3.8m on turnover of £13.8m, was a good result given the general decline in the property market.

In the past 12 months the group had increased its housing land bank by almost 30 per cent to 8,400 plots with planning permission using the proceeds from last year's £34.1m rights issue. It had also acquired 200 acres of land for commercial and industrial development around Leicester.

At the end of June the group had net debt of £19m, subsequently reduced to £8m, compared with shareholders funds of £163m.

The shares, which had fallen by 10 per cent in three days trading this week, yesterday recovered 22p to 248p.

Excalibur regains its confidence in Ratners

By Maggie Urry

EXCALIBUR GROUP, the jewellery manufacturer and engineer, said yesterday that it was now happy to supply Ratners, the jewellery retailer which announced large losses and new banking agreements last month.

Mr Michael Griffiths, chairman of Excalibur, was speaking after he announced that he and other members of the management of the company had bought 2.8m Excalibur shares.

He said the group was "much happier" about supplying Ratners "now that banking support is in place". Suppliers had been wary of selling to Ratners fearing bad debts, and this could have put a constraint on the retailer in the run up to Christmas.

About 13 per cent of Excalibur's jewellery sales go to Ratners, a proportion that had declined from more than 20 per cent. But Mr Griffiths said that he would now consider doing more business with Ratners if asked. He said Ratners was "paying us superbly".

Mr Griffiths said that in the consumer division generally the group had "to be mindful of what exposure we have" to retailers. However, business was better in engineering activities.

The Excalibur shares were bought at 8p, well below yesterday's market price of 13p. Rowe & Pitman, the broker, organised the sale to the Excalibur management of a large institution's holding.

Mr Griffiths bought 1.2m of the shares, taking his stake to 10.9 per cent. Mr Richard Griffiths, his brother and managing director, bought 500,000 shares giving him 1.8 per cent. Mr Andrew Leach, finance director, bought 63,000 shares.

NEWS DIGEST

Vinten shows 8% contraction

DESPITE higher turnover and reduced interest charges, Vinten Group saw pre-tax profit fall by 8 per cent, from £4.67m to £4.29m, in the first half of 1992.

The group supplies camera mounting equipment and systems to the broadcasting, video, photographic and defence markets.

Mr Humphrey Wood, chairman, said trading profits in the broadcast and photographic divisions rose 9 per cent to £4.23m, from sales of £22.2m (£19.9m), assisted by the contribution from Bexel, acquired late last year.

Offsetting that, profits from the surveillance and electro-optic sides decreased by £1.2m to £620,000, on turnover of £14.3m (£11.3m).

Mr Wood pointed out that the 1991 results were influenced by defence work accelerated by the Gulf war.

Earnings per share were 8.8p (10.3p) and the interim dividend is 1.9p (1.8p).

Vinten is acquiring Gitzo Holding for FFr27.2m (£2.9m), of which FFr26.1m will be in cash. Gitzo makes photographic video and television tripods, and produced a pre-tax profit of FFr900,000 on turnover of FFr30.5m in 1991. At the year-end net assets were FFr6.5m.

Revenue fall at Merlin Intl Green

Net asset value per share of Merlin International Green Investment Trust stood at 90.48p at June 30, virtually unchanged on the 90.53p of 12 months earlier.

Available revenue for the half year to end-June fell from £362,000 to £269,000, equal to earnings of 1.1p (1.4p) per share. The interim dividend is cut by 0.5p to 1p.

Barr & Wallace Arnold down 32%

Recession and certain non-recurring charges left pre-tax profits of Barr & Wallace Arnold Trust 32 per cent lower at £567,000 in the first half of 1992, against £838,000.

The comparable figure was struck after losses of £395,000 relating to businesses discontinued in 1991.

Turnover for this Leeds-based leisure and motor distribution company improved slightly to £110.5m (£109.4m). Earnings per share fell to 3p (4.3p) but the interim dividend is held at 3p.

Directors expect full year profits to be lower but the fall would not be as great as in the first half.

Edmond incurs interim deficit

Edmond Holdings, a housebuilder, moved into a loss of £22,000 in the first half of 1992.

The group said its underlying strength enabled an interim dividend to be paid, although it is cut from 0.65p to 0.35p. Losses per share were 0.03p (earnings 1.19p).

Turnover came to £6.44m (£7.3m) from completed sales of 116 (140), but gross profit fell substantially from £2.15m to £963,000. Pre-tax profit in 1991 was £856,000.

Mr Andrew Naish, chairman, said sales and reservations for the year to date totalled 188, compared with 270 last time.

Jourdan losses rise to £874,000

Pre-tax losses at Thomas Jourdan amounted to £874,000 in the first half of 1992, against £595,000. The latest figure was struck after exceptional reorganisation charges of £290,000.

The group makes and markets consumer goods, including trouser presses, fireplaces, furniture and cosmetic accessories. Further steps were taken to reorganise, which meant more redundancies and costs; for the year overall, reorganisation costs were expected to be less than the £539,000 of 1991.

Turnover for the half year fell to £8.9m (£11.2m). However, due to the seasonal nature of the business a significantly larger part of turnover and profit is earned in the second half.

Losses per share came to 3.75p (2.21p). The interim dividend is again 0.5p.

Nestor-BNA falls 12% to £2.11m

Against a background of continuing strong market pressure, Nestor-BNA, the international healthcare and specialist personnel group, reported a 12 per cent fall in pre-tax profits in the first half to June 12.

The decline from £2.39m to £2.11m was on sales down 5 per cent at £44.7m (£46.9m).

The company said that BNA, the UK nursing agency side, had benefited from the restructuring in 1991 and its operating profits rose 40 per cent to £571,000 (£408,000). MRA, the US equivalent, fell to £1.25m (£1.35m), hit by low occupancy levels.

The interim dividend is maintained at 1.15p on earnings per share of 2.26p (2.58p).

Readymix tumbles 14% to I£1.5m

Intense price competition in a stagnant market was blamed by Readymix, the Dublin-based concrete and building materials group, for a 14 per cent decline in pre-tax profits for the six months to June 30.

The company said the situation was likely to continue in the second half.

The result, down from I£1.76m to I£1.5m (£1.42m), came from turnover of I£15.7m (I£15.3m). Earnings per share fell to 3.35p (3.95p) but the interim dividend is held at 0.55p.

Pegasus to form joint venture

Pegasus Group, the USM-quoted computer software supplier, yesterday announced plans to form a joint venture with the Deluxe Corporation of Minnesota.

Under the terms of the deal Deluxe UK, a subsidiary of Deluxe Corporation, will acquire 25 per cent of Stockforms, the computer forms and ancillary products business which is a wholly owned subsidiary of Pegasus.

Deluxe will pay £1.71m cash for the stake, with an option to acquire the remainder.

In the event that Deluxe exercises its option, Stockforms will pay commissions to Pegasus for five years.

US growth helps Burmah Castrol advance 17%

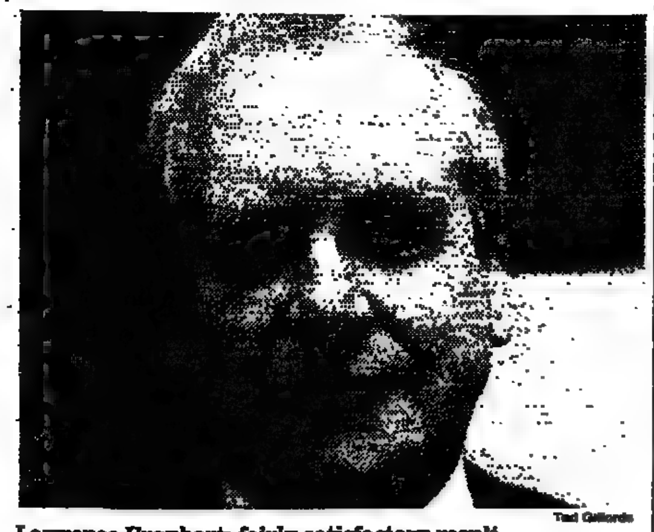
By Angus Foster

BURMAH CASTROL, the lubricants, chemicals and fuels group, yesterday announced interim pre-tax profits slightly higher than expected, helped by increased lubricant sales in the US and reduced interest charges.

But recession continued to drag down metallurgical chemicals. The company said it was reviewing its manufacturing capacity and could close up to ten of its 50 plants worldwide.

In the six months to June 30 profits rose 17 per cent from £72.2m to £84.7m. Turnover fell to £1.15bn (£1.16bn), mainly due to disposals.

The shares gained 28p to 578p.



Lawrence Urquhart: fairly satisfactory result

Mr Lawrence Urquhart, chairman and chief executive, said the result was "fairly satisfactory given the state of our markets". But he warned the second half would be difficult as markets remained depressed. Prolonged weakness of the dollar would also reduce profits.

Lubricants lifted trading profits 11 per cent to £65.1m (£58.7m), buoyed by automotive oils sales in the US and Asia. A new synthetic motor oil is being introduced across the US this month. Launch costs could knock about £7m off trading profits in the second half.

Trading profits from the chemicals division, which was expanded following the 1990 acquisition of Foseco, were almost unchanged at £17.4m (17.2m). Metallurgical chemicals, however, fell by 7 per cent.

Disposals of non-core Foseco businesses are now almost complete. Foseco, which last year diluted earnings by about 6.5p a share, is this year expected to be earnings neutral.

In other divisions, fuels trading profits rose 62 per cent to £15.2m (£9.4m) helped by a £1.9m gain on the flotation of a Turkish joint venture.

Interest costs fell to £19.9m (£24.3m) as debt raised to finance the Foseco acquisition was moved offshore to lower interest rate currencies.

The tax rate fell 3 percentage points to 44 per cent with higher UK profits offsetting ACT write-offs.

Earnings increased 26 per cent to 22.5p (17.8p). The interim dividend is raised to 8.75p (8.5p).

Gearing at the end of the period stood at 65 per cent, treating convertible bonds as debt, or 49 per cent if treated as equity.

● COMMENT

News that Burmah is considering closing up to 20 per cent of its metallurgical chemicals capacity shows how it underestimated the likely length of the recession when it bought Foseco. But this should not detract from an otherwise solid performance and it has always argued Foseco should be judged on its long-term impact. The big question for the second half is currency, since translated dollar earnings could fall by 10 per cent at current exchange rates. Burmah's international reach will mitigate some of the downside as it gains from a strong D-Mark and lower input prices, which are dollar based. Forecast full year net income of £84m puts the p/e on a little less than 13. The US synthetic oil launch will depress profits in the short term, but should add to the shares' longer term attractions.

Mixed fortunes for Courtaulds Textiles

By Daniel Green

COURTAULDS Textiles had mixed fortunes in the first half of the year.

Among the hardest hit areas were US lace sales, where customers had over-ordered last year. "We turned the machines off which was very costly but the right thing to do," said Mr Martin Taylor, chief executive.

Sales of soft furnishings and towels in the UK were depressed by the slack housing market. Margins held up as a result of tight cost control.

Margins also improved in the company's own-label clothes, where operating profits were higher despite a 16 per cent fall in sales to £102.2m.

Retail competition cut margins in branded clothing and left operating profits at £1.7m (£2.8m)

Lingerie label Gossard maintained profits.

● COMMENT

There are limits to what a talented management can do in the face of such grim market conditions as those which face Courtaulds Textiles. The company has worked hard to cut costs and debt, and shareholders should be pleased to see their dividend rise while interest payments to banks fall yet again. Nevertheless, the profits outlook is a little worse now than a few months ago. The company should make £44m for the full year and show earnings of 33p a share. That puts the shares on 11.5 times earnings, a touch below the rest of the sector, which will look increasingly cheap if the dollar recovers.

Recession trims Williams to £72m

By Roland Rudd

WILLIAMS HOLDINGS, the industrial conglomerate, yesterday signalled its intention to fund future acquisitions from borrowings as it unveiled a 6 per cent fall in pre-tax profits for the six months ended June 30.

The pre-tax figure fell from £76.5m to £72m on increased sales of £493.8m (£470.6m). Businesses on both sides of the Atlantic continued to be affected by the recession.

Mr Brian McGowan, chief executive, said realisation that the group could not pay for future acquisitions by issuing shares had led to a change of policy on debt.

The group has therefore established long-term borrowing facilities of $370m (£185m), repayable in ten years, to help fund future acquisitions.

Borrowings at the year-end were expected to be between £120m and £140m, representing gearing of under 40 per cent. In the short-term the group would have net cash of about £30m.

Mr McGowan said the group had learnt from its failed hostile bid for Racal Electronics last year – launched as an all-share offer – that paper offers were unlikely to succeed when financial markets were depressed.

He said: "Perhaps we will never do any contested bids because we are not prepared to over pay. However, we are exploring a series of possibilities. More companies are under pressure to sell and their prices are more realistic."

Engineering suffered the biggest setback. Trading profits dived from £12.6m to £4.3m because of a fall in orders for military bridges in the Far East.

Trading profits of the fire and safety international division fell to £17.6m (£22.2m) as de-stocking in the aviation industry resulted in a sharp decline in the purchase of spares.

Yale and Valor, the security products company acquired last year, continued to boost profits. The locks businesses helped the European consumer and building products side increase trading profits from £26.2m to £32.2m. The North American consumer and building products activities benefited from the integration of Yale and NuTone which saw its trading profits climb from £15m to £22.6m.

An extraordinary item of £6m related to the sale of the group's investment of just under 10 per cent in Racal after taking into account the loss associated with the sale of Spencer Clark Metal Industries.

Fully diluted earnings per share fell from 10.9p to 9p. The interim dividend is maintained at 5p.

Cookson recovers to £34m

By Paul Taylor

COOKSON, the industrial materials group, underlined its continuing recovery yesterday by announcing a substantial increase in interim profits following its restructuring.

The pre-tax figure doubled from £17m to £34m in the six months to June 30, while earnings per share bounced back to 4.2p (0.9p). The interim dividend is unchanged at 3p.

Turnover from continuing operations grew by 4 per cent to £605m (£581m). Excluding acquisitions, the increase was 2 per cent, reflecting "difficult trading conditions" caused by the world recession. Total turnover, including discontinued operations, was £609m (£676m).

The company has focused on controlling costs and overheads. Employee numbers have been further reduced in all divisions, and stand at 12,500, down from a peak of 16,000. Redundancy costs of £1.2m compared to £1.6m.

Mr Robert Malpas, chairman, said the results showed Cookson was continuing its recovery. "We still have a long way to go, but we are on the right road."

Operating profits rose 39 per cent to £43m. The figure of £31m for the previous first half included £3m from discontinued operations. All four reorganised divisions – electronic materials, ceramics, engineered products and plastics – reported improved profits.

A significant reduction in the level of borrowings during 1991 resulted in reduced interest charges of £9m (£14m). However, at the end of June net borrowings were £211m, compared to £142m at the end of December, and gearing increased from 33 per cent to 53 per cent.

The increase in borrowings was attributed to the seasonal rise in working capital and the cost of acquiring the additional 50 per cent stake in Stern-Leach, which resulted in the consolidation of Stern-Leach's $66m (£33.1m) borrowings into the balance sheet.

The shares rose 12p to 134p.

● COMMENT

Cookson is a recovery stock and its results are all the more impressive for having been achieved without any help from trading conditions, as is evidenced by the dull turnover figures. The company's new – and contracted – senior management team seems to have a clear vision of what is required. Their success so far has boosted their confidence, but they know they still have some way to go. Expect more disposals of non-core businesses, but not at fire sale prices. Full-year pre-tax profits are projected at about £72m, for a prospective p/e of 10.5. Despite some dollar translation risk, the shares look good value and if trading conditions improve this should be quickly reflected in the bottom line.

Hawthorn Leslie back in the black

Lower debt in the wake of its restructuring agreement, together with a turnround in mobile telephone operations were behind the return to the black at Hawthorn Leslie in the first half.

Pre-tax profits for the six months to June 30 were £434,000 (losses of £9.48m). Sales were £25.9m (£66.8m).

The company is focusing on mobile telecommunications and HL Communications achieved profit of £2.2m before interest and tax (£1.37m deficit). The comparisons have been restated to reflect a change in the accounting policy regarding commission paid to dealers.

The results also benefited from the absence of provisions for losses at CP Finance and Leasing, which is being run down. In 1991 provisions of £3.7m were carried.

Directors said it was prudent to wait further before reinstating the dividend.

The shares rose 1¼p to 2½p.

Beneficial Bank to buy Sterling Bank for £24.6m

By David Barchard

Beneficial Bank, the retail financial services group, is to buy Sterling Bank for £24.6m cash from Sterling Trust, the USM-quoted financial services company.

The price is equivalent to Sterling Bank's net asset value at the completion date and is subject to the approval of Sterling Trust's shareholders. The deal has already been approved by Robert Fraser Group, the privately-owned merchant bank which owns 51.5 per cent of Sterling Trust.

Mr David Hart, chairman of Sterling Trust, said the sale was being undertaken because the company's shares had been trading at about 57p when net asset value per share was above 120p. The shares put on 23p to close at 80p yesterday.

Because the sale will leave Sterling Trust with no operating subsidiaries, its shares are to be suspended when the sale is completed and the group's quotation may be cancelled if it does not acquire new businesses within six months.

Mr Hart said no acquisitions were being considered but a range of options were being examined, including a repayment of capital or a reverse takeover.

Sterling Trust also yesterday reported pre-tax profits down from £1.56m to £1.22m in the six months to end-June. Turnover fell from £9.26m to £8.92m. Earnings came out at 4p (5p).

Cost cuts lift Provident Financial to £12.8m

By David Barchard

PROVIDENT FINANCIAL, the personal loan and consumer finance group, reported a 21 per cent rise in pre-tax profits, from £10.6m to £12.8m, for the half year to June 30.

Turnover was up by 12 per cent to £184m, with the main activity – weekly credit collected from customers' homes – earning pre-tax profits of £14.4m (£10.1m). The improved performance reflected reduced costs, as the group cut its branches from 404 to 388, and closed 14 Lawson Fisher credit retailing stores. The group now has 1.3m credit customers.

Staff numbers at the headquarters were reduced from 90 to 50, and head office no longer provided central services to subsidiaries.

The insurance division made pre-tax profits of £1m (£2.1m) but benefited from the market increase in motor premiums, while the banking side turned round to a profit of £100,000 (loss £1.1m).

Earnings per share rose to 16.7p (14.37p) and the interim dividend is lifted to 9.25p (8.5p).

In August, Car Care Plan, a loss-making subsidiary with net assets of £600,000, was sold for £4.6m cash to Motors Insurance Corporation, plus up to £500,000 in further conditional payments.

Singer & Friedlander plunges to £3.2m after property provision

By David Barchard

PRE-TAX profits at Singer & Friedlander, the merchant banking and property group, plunged to £3.25m in the half year to June 30, against £8.11m.

However, the decline reflected a £5.29m write down of the value of properties held for long-term investment. Operating profits before the exceptional item were £8.54m (£8.1m).

The provision was made against the 1987 revaluation of the properties concerned and was said to leave them substantially above their original cost. The group's properties are virtually fully let, with negligible arrears.

Mr Anthony Solomons, chairman, said banking profits of £4.76m (£4.28m) were continuing to improve, despite difficult market conditions.

Cash in hand was £70.5m at end-June, down from £123.6m a year earlier. Advances to customers were £255m (£265m).

Earnings per share declined from 2.59p to 0.5p, though without provisions, they would have increased by 19 per cent, partly reflecting the buying in of 14 per cent of the ordinary capital. The interim dividend is unchanged at 1p.

BANKING FINANCE & GENERAL APPOINTMENTS

Outstanding Opportunities in Europe

High-profile roles in finance & administration

Competitive packages

With continued success based on substantial investment, innovation and product strength, SmithKline Beecham is a transnational organisation with a position of world leadership in the healthcare market. Increasingly, our aim is towards 'globalisation' and the creation of a truly international company philosophy and culture. We have recognised the opportunities presented by the emerging markets of Central and Eastern Europe and have already made significant progress in identifying strategic goals. We are seeking early competitive advantage in these markets and now need three dynamic finance and administration managers to help broaden and control our business bases in **Hungary, Poland and Czechoslovakia.**

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You'll need to be educated to degree standard with a high level of self-motivation and diplomacy and superb communication, negotiation and organisational skills. In addition, your three years' post qualification experience in an export/foreign currency environment should be accompanied by exposure to an operating unit, computer literacy and some knowledge of staff management and development. Sensitivity to foreign cultures, a good understanding of the current political, economic and social climate of the appropriate country and, ideally, knowledge of the language are all important elements. Whilst previous exposure to Eastern Europe is not a prerequisite, experience of working in an expatriate role would be advantageous.

A competitive expatriate remuneration package is offered, dependent on qualifications and experience, and includes a very attractive salary plus British-based benefits such as bonus and pension schemes. All necessary requirements for working abroad are arranged by SmithKline Beecham.

If you are interested in helping to expand our European operation, please send your full career details, indicating in which country you would like to work, to Danuta Matthews, Personnel – Intercontinental, SmithKline Beecham Pharmaceuticals, SB House, Great West Road, Brentford, Middlesex TW8 9BD. Closing date for applications: 25th September 1992.
Please quote Ref: FAM/HPC/FT.

SB
SmithKline Beecham
Pharmaceuticals

SETTLEMENTS MANAGER

To handle Government and Eurosecurities products
on behalf of major international bank

c. £30,000 + banking benefits

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CBPA

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Canadian Imperial Bank of Commerce is one of the largest North American Banks and operates in many of the world's major financial centres across a range of activities. An excellent opportunity has arisen for an experienced Corporate Banker to join our North American Group based at our European Head Office at London Bridge.

Reporting directly to the Unit Head, the successful candidate will be responsible for managing and developing strong banking relationships in the Large Corporate/Investment Grade sector across a range of businesses. This role has considerable autonomy and the appointed person will be required to develop new customer relationships in addition to managing a portfolio of existing corporate customers. The target market will be U.K. corporates with North American business interests and U.K. subsidiaries of the Bank's North American client base.

Applicants must have strong business development and negotiation skills together with a good knowledge of financial markets. A mature presentation style is essential together with good credit judgment and the ability to work in a team environment. Relevant experience in a U.S. or Canadian business environment would be an advantage. In return we offer a competitive remuneration package, including full banking benefits.

Please send a full C.V., together with details of your current package, to Jane Langley, Personnel Department, Canadian Imperial Bank of Commerce, Cottons Centre, Cottons Lane, London SE1 2QL.

CIBC
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An exciting opportunity in Financial Information

City of London

Harlow Butler Information (HBI), a subsidiary of MAI, the financial services and media group, seeks an additional member for its management team. HBI sells forex and money market information and related software products to international quote vendors who distribute such data to the financial community.

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Applications, including a cv and details of current earnings, should be sent to: Mrs E M Mozley, Personnel Manager, Harlow Butler Broking Services, Adelaide House, London Bridge, London EC4R 9HN.

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A competitive salary will be offered, reflecting experience and qualifications.

Please send full career details, indicating current salary, to Ms Barbara Agyeman, Personnel Officer, United Friendly Insurance plc, 42 Southwark Bridge Road, London SE1 9HE. Closing date for applications: Friday 11th September 1992.

UF
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International Capital Markets

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To succeed in this challenge you will be of graduate calibre with at least 3 years relevant experience within the French bond markets. Your background will most likely be within Origination and Syndication, with a good understanding of derivatives and pricing techniques.

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Please contact David Williams or Julie Byford on 071 583 0073 (day) or 071 582 1472 (Evenings & Weekends) or send your CV in complete confidence to 16-18 New Bridge Street, London EC4V 6AU. Or Fax 071 353 3908.

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UK Equities

Our client, the subsidiary of a major bank and one of the UK's fastest growing asset management companies, wishes to strengthen its London-based equities research and fund management team by the addition of a specialist analyst for one or more of the main UK market sectors. The company is firmly committed to a policy of in-house research for the management of its UK equity investments and the requirement is for someone who has gained between three and six years' experience in the primary analysis of UK companies either in a stockbroking or an investment management firm.

In addition to a good academic record and a professional investment management qualification candidates should be highly numerate and possess well-developed computer skills and the ability to communicate effectively with company executives. The working environment is stimulating and meritocratic and the position offers an excellent remuneration package which includes a company car and full banking benefits.

If you would like to be considered for this appointment, please write in complete confidence to:

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Pioneer Hi-Bred International, the world's leading seed company is searching for a General Manager for its operations in Rumania. Candidates should have an agricultural background or equivalent and the flexibility to relocate. Candidates should also be fluent in English and a working knowledge of German or Romanian is desirable.

If interested please contact: Pioneer Overseas Ges.m.b.H., Pioneer Strasse A-7111 Parndorf, Austria, Attn; Eva Kropil Fax: (43) (2166) 2525-62

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ACCOUNTANCY COLUMN

Hopeful travellers should not miss boat next time

Andrew Jack on how audit opinions could be backed by other action to prevent another Land Travel debacle

A SHORT probing letter arrived earlier this week at the office of a small firm of chartered accountants in Bath, in the latest investigative salvo from Mr Nigel Griffiths, the Labour party's international trade and consumer spokesman.

It highlights the much broader issue of the adequacy of the government's existing mechanisms for detecting signs of trouble in companies – particularly those which are of public interest because they have many employees or a large number of individual customers.

The subject of Mr Griffiths' letter was Land Travel, the tour operator which went into liquidation in July leaving more than 200 irate customers out of pocket and without their holidays. The accountancy firm was Shaw & Co, the auditor to the company.

The question was simple: what steps did the firm take to draw the attention of the public and the authorities to the financial plight of the company?

Shaw & Co is keeping silent about its response at present, while the partner most involved in the audit is away on holiday. But it has said it will provide an answer.

Meanwhile, Mr Griffiths has already had a detailed response from Price Waterhouse, which was auditor to the company until August last year.

The Land Travel case does not lend itself to the all too frequent charge levelled against the embattled accountancy profession: where were the auditors? In this case they appeared to be very much in the forefront.

PW's letter to Mr Griffiths is instructive for two reasons: it is damning, and it is based on public information. The firm says its audit opinion for the financial statements for the six months to March 31 1990 was "extensively qualified".

It said it could not be satisfied that the company was a going concern because liabilities exceeded assets by £2.1m; nor was it certain that £1.6m of debts and deferred expenditure were recoverable.

"Our audit opinion is unambiguous and expresses very clearly our concerns about the viability of the company," the letter continues.

The information it cites is, as the firm points out, on the public record in the accounts filed with Companies House, the government's corporate information agency.

So is the subsequent – and unusually long – audit opinion for the year to March 31 1991, from Shaw & Co, which concludes that the firm is unable to state whether the accounts present a true and fair view.

It stresses that the company had made a loss of £1.8m and had net liabilities of £4.1m, offset by long-term loans of £2.4m and a statement by Mr Valere Tjolle, the director, that he was confident that the company's trading position had since improved.

In fact, just one month after this statement was signed, Mr Robert Buller and Mr Michael Gerrard of Grant Thornton were appointed as liquidators. They told creditors that there was little chance of receiving any of more than £12m they were owed.

Despite the warnings in the accounts, the news clearly came as a great shock to most of those members of the public attending the meeting, including one who poured water over Mr Tjolle and another who threw torn copies of the company's brochures into his face.

With hindsight, there were a number of warning signs in the accounts which creditors and potential creditors could have read which might have caused them to query any exposure to Land Travel.

First, there are the auditors' qualifications and the notes and figures in the accounts. Second, the fact that Price Waterhouse – one of the largest UK firms – resigned last year as auditor to be replaced by a local firm. Third, that the accounts were filed extremely late; the 1989 and 1990 years were signed off and delivered to Companies House together in July 1991.

There is also a confusing saga in the previous few years of changing ownership, altered financial year-ends, loans from the holding company, and a previous period in which Shaw & Co was auditor.

Both the auditors and the Department of Trade and Industry take satisfaction from the fact that all this information is available to the public. But the likelihood of ordinary customers of a company being able to find it out or interpret it is minimal.

The DTI says that it is has certain discretionary powers to investigate companies, but it must have substantive information before taking action – and that there were no complaints with regard to Land Travel in advance of the company's collapse. It argues that it would be impossible to scrutinise all the 1.1m sets of accounts filed each year. Meanwhile, Companies House performs an essentially clerical function, ensuring that accounts are filed but spending very little time scrutinising the information they contain.

The question is whether a more active system of detection and scrutiny is required. After all, if Land Travel had been a quoted company, it would probably have been suspended from the stock market and investigated, and generated wide publicity, because of its net liabilities. Should not a similar system be in place for non-quoted companies? A start would be for Companies House to regularly and publicly circulate lists of companies which have not filed their accounts on time, have changed auditors, moved year-ends or which show qualified audit reports.

The agency has already considered offering "triggered" searches which would alert users as soon information is received from companies. But its recent decision to cancel its ambitious computerisation project which would have allowed documents to be electronically scanned and "read" will make this difficult in the short-term.

A more practicable option – favoured by Mr Griffiths – is for a change in guidelines to require auditors to alert regulators to the accounts which they qualify. Only about 6 per cent of audit opinions were qualified or contained special comments last year according to a recent survey, meaning a far smaller pool from which to start work.

There would also clearly need to be a unit – probably within the DTI – to cope with the extra work involved in dealing with these notifications and investigating the companies concerned. There would have to be clear guidelines about exactly what questions they could ask, what action could be taken. A wider issue is exactly how far the government should be involved in this process. But a strong case could certainly be made for those companies with influence over many members of the public, whether employees or customers.

Mr Robert Buller, the joint liquidator for Land Travel, is sceptical of these proposals. He believes that the trade creditors to the company were aware of the financial position, and that the DTI does not have the resources to cope with all the additional scrutiny which would be required. In his view, a more pressing case for reform to help the individual customers affected by the collapse would be compulsory bonding for travel agents.

However, Mr Bill Morrison, chairman of the Auditing Practices Board, is receptive to the idea of drawing attention to qualified accounts, although he says it would probably require a change of legislation. He suggests that there might be an "accounts ombudsman" to which auditors would send copies of any accounts they qualified for further investigation once the information was lodged with Companies House. "It would be a load off auditors' minds," he says.

Challenging opportunities in an expanding commercial tax department

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These are outstanding opportunities to be part of a dynamic tax department whose increasing profile is recognised by senior management within the group. British Gas is one of the top-ten UK companies quoted on the International Stock Exchange: now a global force in the international energy sector, the company is continuing to expand its business base worldwide. With recent acquisitions in Eastern Europe and North America the company continues its strategy of searching for profitable activities outside the core gas business.

In light of the recent expansion of its business activities, Group Taxation continues to develop. Its aim is to provide a comprehensive taxation advisory service to the Group worldwide. As an integral part of the senior management team, the tax department provides significant input in formulating the overall business strategy of the Group. Individuals within the department enjoy a high degree of scope and freedom which allows them to use their technical expertise and business acumen to the full.

Head of Group Taxation

Reporting to the Group Director of Taxation you will be responsible for (and supervise a staff of 23 engaged in) providing a taxation advisory, planning and compliance service in three key areas of the Group's worldwide downstream business operations:

- International new business and treasury issues
- Non E & P corporate taxes
- Indirect & Personal taxes

A qualified accountant or Inspector of Taxes you should currently be working as a Group Tax Manager within a major international corporation. A comprehensive knowledge of UK and international taxation, as well as experience of sophisticated treasury products and mergers and acquisitions are essential for this high profile position. You must be confident and comfortable in communicating with Senior Management and used to managing a large commercial taxation department.

Tax Managers (UK & International)

Two positions exist for exceptional individuals with an in depth knowledge of UK taxation and international issues. Both positions report to the Head of Group Taxation with one position responsible for international new business and treasury issues and the other responsible for the Group's non E & P activities in the UK including the regional businesses.

As professionally trained tax specialists both positions demand a high level of technical competence. Successful candidates will be currently working within a commercial tax department or at senior manager level within a firm of professional advisors. The International Tax Manager will assume responsibility for two Senior Tax Advisors and the UK Tax Manager will have a staff of seven tax professionals.

Senior Tax Advisor (International)

Working autonomously and with the Tax Manager (International), you will undertake a predominantly complex technical role covering the taxation aspects of acquisitions, investments and changes in the Group's business portfolio. You will also have responsibility for providing taxation advice on treasury operations, leasing activities and various cross-border structures for the Group.

A qualified accountant or Inspector of Taxes you will have built a successful career within either commerce or the profession. You will now be seeking to use your considerable experience of international taxation issues at the leading edge of commercial decision making. Expertise in project management and liaison with external advisors are essential prerequisites of this high profile role.

Tax Advisor (Upstream)

Based in Reading and reporting to the Senior Tax Advisor (Exploration & Production) you will undertake a challenging role encompassing all aspects of Petroleum Revenue Tax which will involve substantial negotiation with the Oil Taxation Office. You will also be capable of dealing with other areas of corporate taxation for the group.

A trained taxation specialist, you will be familiar with the tax affairs affecting the upstream activities of a major international corporation. You must also be capable of undertaking project work with substantial taxation exposure and international involvement.

The Rewards

Highly competitive remuneration packages will reflect the status and challenge of the positions including an excellent salary, 30 days annual leave, company car, profit-sharing and sharesave schemes. Relocation assistance will be provided where appropriate.

Further Opportunities...

It is envisaged that positions will also be available for trained taxation specialists with a minimum of three years tax experience gained within either a professional or commercial environment. Opportunities will be based in both London and Reading and become available as existing employees progress within the Group management structure.

To Apply

Contact Graham King at the Taxation Division of Robert Walters Associates on 071-379 3333, evenings and weekends on 071-226 4557. Or send your CV to him at 25 Bedford Street, London WC2E 9HP (Fax: 071-915 8714).
Strictest confidentiality assured.

All CVs will be forwarded to Graham King.

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- establishing and implementing standards and systems throughout the group for management reporting and information of the highest quality;
- working closely with top management across the group to achieve precise and timely measurement of business performance;
- preparing Board and other reports on the group's overall performance, providing incisive commentary and analysis.

Probably aged 35-45, candidates should be high calibre, qualified accountants with significant relevant experience of enhancing management reporting in a major, international group. Whilst financial services experience would be an advantage, it is not mandatory. Outstanding technical proficiency, coupled with a business-oriented and pragmatic approach, will be essential to establish credibility within the senior management team. Important personal attributes include excellent interpersonal skills, resilience and determination, enhanced by high levels of commitment and enthusiasm.

In addition to the indicated salary, the excellent remuneration package comprises a substantial performance-related bonus, executive car, non-contributory pension scheme, private health care and subsidised mortgage. This is a highly visible and important role with outstanding opportunities for career development.

Interested applicants should write, enclosing a detailed CV, to Roger Howell at the address below, quoting reference number 133J.

ST. JAMES ASSOCIATES

MANAGEMENT SELECTION

32 OLD BURLINGTON STREET, LONDON W1X 1LB FAX: 071-287 2821. TELEPHONE: 071-287 2820.

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The Director of Finance:

- is the College's chief financial adviser
- reports to the Managing Director and is a member of the administrative senior management team
- is responsible for a large, well-qualified department

Applicants should be:

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- experienced managers, skilled at motivating and developing staff to achieve high-quality standards of performance
- able to exhibit leadership skills during rapid change
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Further Details

For more information and an application form, telephone Wendy McGovern on 071 589 5111 x 8690 (answerphone) or 3359.

Closing date for applications Monday 21 September.

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Gerald, an international company involved in the commodity brokerage and trading business is seeking applicants for a challenging position arising as a result of the firm's expansion at it's London location.

The Gerald Group, with offices throughout the world including Stamford Ct., Tokyo, New York, Chicago and Lausanne has approximately 800 employees with 130 in our London location.

The Gerald Group is one of the world's principal metal merchants and maintains an important position in London and the United States in the areas of derivative markets and foreign exchange.

We require a strong active manager to head the combined accounting and systems departments with a staff of approximately 15. The successful candidate will have strong accounting and financial skills, will be an excellent communicator with senior management and department heads combined with a willingness for "hands on" involvement in day to day issues. Industry experience and knowledge of treasury markets and products would be an advantage.

This is a senior position and salary and benefits will be commensurate with this position in a medium sized city institution.

Applications with full C.V. to:

Miss N. Vernon-Browne
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Finance Director

North East,

c £40,000, Car,

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You will be a qualified accountant, aged 30 to 40, with an impressive background of finance director/controller experience which has been gained in a multi-business manufacturing environment, utilising sophisticated DP and accounting systems. Candidates must be decisive and effective agents of change with proven inter-personal skills and a strong boardroom presence.

Male or female candidates should submit in confidence a comprehensive c.v. to: K.H. Thompson, Hoggett Bowers plc, 4 Mosley Street, NEWCASTLE UPON TYNE, NE1 1DE. 091-232 7455, Fax: 091-261 8438, quoting Ref: N13208/FT.

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Administration - Ensuring all administrative systems function efficiently; liaising with Treasury Division regarding liquidity and funding issues.

Project Work - Reviewing and appraising accounting policies, funding strategies and interest rate risks; key member of team implementing sophisticated new software.

Probably aged in their late 20s, candidates should be qualified accountants with a minimum of 2 years' post-qualification experience, ideally in big ticket leasing. Outstanding applicants from less specialised, albeit relevant, financial services backgrounds will also be considered. Computer literacy is essential, and personal qualities should include thorough professionalism, commitment, resilience and a proactive, pragmatic approach.

The attractive remuneration package will comprise a competitive base salary, plus the full range of banking benefits. Promotion prospects within this major group are excellent.

Interested applicants should write, enclosing a detailed CV and details of their current remuneration, to Roger Howell at the address below, quoting reference number 134J.

ST. JAMES ASSOCIATES

MANAGEMENT SELECTION

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To succeed in this role, you will have had demonstrable "hands on" experience, combined with commercial "nous" and the ability to represent the company effectively in the local community. Overseas experience would be beneficial though not essential.

The role is envisaged to last up to five years, by which time you will have groomed a local successor.

Please write with full CV, quoting reference B/393/92, to Steven French, or telephone 021-233 1666 for an initial discussion.

KPMG Executive Selection

Peat House, 2 Cornwall Street, Birmingham B3 2DL

BACARDI EUROPE LIMITED

Finance Manager

Central London — **Excellent Package**

Bacardi rum is the largest spirit brand in the world with annual sales of 22 million cases. The Bacardi organisation includes production, distillation, shipping and distribution companies worldwide.

The business now seeks to recruit a Finance Manager for the European operation. Reporting to the Managing Director the position offers a challenging opportunity for working within a team of high calibre marketing executives providing Europe-wide recommendations in a fast moving consumer oriented industry.

Key areas of responsibility will include:

* Involvement with marketing executives in the production, analysis and monitoring of European markets.
* The production and review of European investment proposals.
* Reporting of financial and marketing data.
* Annual budgets and quarterly forecasts.
* Development of management information systems.
* Year end reporting and financial administration.

The successful candidate will be a qualified accountant, aged 27-32, with at least three years post qualification experience from within a marketing driven environment. Strong commercial skills together with excellent financial and technical abilities are a prerequisite. This is an excellent opportunity for an individual with the commercial acumen and communication skills to succeed in a demanding, growing business. Fluency in a second language, particularly Spanish, would be a distinct advantage.

Interested applicants should send a full curriculum vitae to Peter Gerrard at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page Finance

Specialists in Financial Recruitment

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide

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FINANCIAL DIRECTOR

WEST LONDON — **c.£45,000 + Management Bonus + Car**

Our client, a successful and profitable subsidiary of a large British public group, manufactures high quality, branded, engineered products which are sold nationally to industrial, commercial and domestic users.

In Europe, some business is done through subsidiary companies and plans now exist to widen coverage of the market by acquisition or by setting up other subsidiaries.

The Company has a turnover of c£60 million, is a leader in its field and operates in a very competitive market place. However, good growth prospects together with effective management and financial controls will improve profitability and return on investment significantly.

The Financial Director reports to the Managing Director and will:

- be a qualified accountant aged 35-45, ideally 35-40.
- hold a senior financial management responsibility e.g. director or controller of a sizeable business.
- have substantial and varied experience of cost accounting, budgetary control and other financial planning disciplines in manufacturing industry.
- have experience of controlling the development and implementation of systems using main-frame and micro-computers.
- be an effective manager; commercially oriented; possibly having some experience of acquisitions.

Future prospects are excellent: these are not limited to the finance function.

Benefits include pension and family private medical schemes, a management incentive bonus and a fully-expensed car. Assistance with re-location will be provided if necessary.

Write briefly or send C.V., to John Hearn at this address:-

Hearn Healy & Partners

Management & Recruitment Consultants

25 Dover Street, London W1X 3PA

Tel: 071-495 4180

Finance Director

Central London — c £42,500 + Bonus + Car

Our client is a £50m turnover specialist distribution subsidiary of a major European group, operating in a highly competitive niche. Although profitable, the company is experiencing difficult trading conditions in its core market and has defined a strategy to expand into related business areas, either organically or by acquisition.

The Finance Director will be expected to assist the Managing Director in leading the company through a period of substantial change. Major improvements will be required in all aspects of financial control, management reporting, business systems, cash management and profit planning. Additionally, the successful candidate must be capable of contributing to the formulation and execution of sound commercial strategies.

Candidates, aged up to 40, should be qualified accountants who are experienced at executive level in a fast moving, service company environment. Personal qualities must include a proven ability to initiate and manage change, coupled with an assertive, clear thinking approach to business problem solving.

Interested applicants should forward a comprehensive curriculum vitae, quoting ref: 2659, to Alan Dickinson FCMA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH. Tel: 071 831 2000.

MP

Michael Page Finance

Specialists in Financial Recruitment

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide

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Finance Director

Shropshire — ***Up to £30k + car + benefits***

■ Our client is an autonomous subsidiary of a highly successful and progressive publicly quoted manufacturing company whose customers are the leading high street retailers.

■ With a turnover of c£11m and a young dynamic Management Board, the business now requires a commercially-minded Finance Director who can bring to the team first class financial management skills and a high degree of personal drive and commitment.

■ Reporting directly to the MD, the appointee will be responsible for ensuring the provision of timely and accurate information and advice contributing in a highly pro-active way to the business management process.

■ Applicants will be qualified accountants with several years post qualification experience within manufacturing and a thorough grasp of standard costing.

■ The capacity to review, develop and install appropriate information systems is essential.

■ If you are energetic, personable, persuasive and enjoy a challenge this opportunity could offer you the chance to develop significantly both personally and professionally.

■ Please apply in writing with CV and salary details, quoting reference F/717/B, to Paul Bailey, Ernst & Young Corporate Resources, PO Box 1, 3 Colmore Row, Birmingham B3 2DB.

ERNST & YOUNG

Group Finance Director

West Midlands — c £55,000 + Bonus + Options + Car

Our client is a Group of well established, autonomous companies, trading internationally in the manufacturing and engineering sectors. Current turnover is in excess of £60m and the Group has an aggressive development strategy, with the objective of flotation in the medium term.

The Finance Director will be expected to make a significant contribution to the achievement of this goal, by introducing the latest financial management practices and assisting in the creation of an exacting financial and commercial environment throughout the Group. Stringent working capital and margin control, coupled with rigorous, analytical reporting, will be essential.

Candidates, aged 35-45, should be graduate Chartered Accountants, who have a proven track record of achievement in commercially demanding, fast moving, international manufacturing/engineering environments. Experience of managing external relationships with banks and investing institutions is essential.

Interested applicants should forward a comprehensive curriculum vitae, quoting ref: 2658, to Alan Dickinson FCMA, Executive Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH. Tel: 071 831 2000.

MP

Michael Page Finance

Specialists in Financial Recruitment

London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide

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FINANCIAL CONTROLLER

LONDON/SURREY BORDERS — **TO £30,000**

The recent merger of Tempo plc, a profitable, independent electrical retailer and Bonsai Ltd, a leading PC distributor, has led to the creation of this important position at the Group Head Office in Kingston, Surrey. Our annual turnover is around £100m and we are currently undertaking an ambitious expansion programme.

Reporting to and working closely with the Group Financial Director, your role will encompass both financial and management accounting. Key responsibilities will include the preparation of the Bonsai statutory and management accounts, the development of accounting systems and controls, and the management and training of the department's staff.

The successful candidate will be a qualified accountant, in his/her thirties, with at least five years proven financial and management background. You will already have gained practical experience of implementing and monitoring financial control systems within a well-established organisation, preferably including exposure to manufacturing accounts. This must be backed by strong communication, management and PC skills combined with the ability to perform effectively under pressure in our 'hands-on' culture. You will be dynamic and ready to take on a new challenge. A group role is envisaged within six months.

In the first instance, applicants should write with full CV to:
Kieran Best, Personnel Manager,
Tempo/Bonsai Group, 1 Wheatfield Way,
Kingston-Upon-Thames, Surrey KT1 2TU.

Kush Housing Association is a well established Housing Association set up primarily to cater for the housing needs of the local African and Caribbean community by providing affordable homes of the highest possible quality. The Association is poised to implement ambitious plans aimed at increasing its capital allocation.

In this context the Management Committee is determined to put in place a senior management team of the highest calibre who will create a framework compatible with the Association's long term growth objectives.

FINANCIAL CONTROLLER - SALARY £22 - £27K

We are seeking an outstanding qualified accountant with exceptional management skills who will be responsible for the accounting and financial administration of the Association.

You must be able to demonstrate:

- *A successful financial management track record.*
- *Experience of appraising and funding capital requirements.*
- *Good commercial judgement.*
- *The ability to work as part of a team and contribute to wider management objectives.*

The candidate must possess a recognised accountancy qualification and good communication skills, both written and oral, and be able to contribute to the formulation of policy. Previous experience with a Housing Association or charity will be valuable.

APPLICATION FORMS ARE AVAILABLE FROM:

Kush Housing Association
98 Stoke Newington High Street,
London N16 7JA.
Tel: 071-275 7783

KUSH

Closing date for application forms 18 September 1992

QUALIFIED ACCOUNTANT

Chartered loss adjusters require commercially orientated accountant for claims works. Remuneration commensurate to age and experience.

Apply in writing with C.V. to:-

Tony Whittaker, FCCA, FCILA
Cunningham Hart (UK) Limited
International House
1 St. Katharines Way
London E1 9UN

Bear Stearns

MANAGEMENT ACCOUNTANT

Bear Stearns, a leading firm of American Stockbrokers and Investment Bankers, wants to employ a Management Accountant to be based at its London Office at Canary Wharf. Duties will include analysis of monthly management reports, development of management information systems and focus on expense controls.

We require a qualified C.A. with approximately 2 years experience (preferably in the investment services industry), computer literate and with good communications skills. Interested candidates should send their C.V. to:-

Miss S. Paton
Bear, Stearns International Limited
One Canada Square
London E14 5AD

STRICTLY NO AGENCIES

ACCOUNTANTS

GRADE 7 LEVEL. Salary £24,928 - £27,819+.

Pay award pending. Posts based on Basingstoke, Cambridge, Manchester and Nottingham.

SENIOR EXECUTIVE OFFICER LEVEL. Salary £18,461 - £23,567+.

Pay award pending. Posts based on Cambridge, Manchester and Newcastle.

The aim of the Employment Department is to support economic growth by promoting a competitive, efficient and flexible labour market. We work in partnership with the network of 75 Training and Enterprise Councils in England which deliver programmes and services contributing to this aim.

We are seeking to appoint Accountants who will become members of local management teams responsible for negotiating, monitoring and controlling contracts with TECs, and managing substantial local budgets.

You must be a professionally qualified member of one of the CCAB bodies and preferably have a degree. Ideally you will have had experience in audit, working with senior management to overcome problems identified in audit, and in managing the finances of your own organisation.

*Salaries (under review) are currently in the range £24,928 - £27,819 (for Grade 7s) and £18,461 - £23,567 (for SEOs) with further increments, depending on performance, up to £33,175 for Grade 7s and up to £25,566 for SEOs. Starting salary will depend on qualifications and experience.

EMPLOYMENT DEPARTMENT

The Employment Department is an equal opportunity employer and is firmly committed to equal opportunity policies. Applications are welcome from all suitably qualified and experienced individuals irrespective of age, sex, racial origin or disability.

EMPLOYMENT DEPARTMENT GROUP

For further details and an application form (to be returned by 18 September 1992) please contact Mrs Grazia Anobile, Employment Department, PMB Admin, Room N206, Moorfoot, Sheffield S1 4PQ. Tel: 0742 593269.

FMS

FINANCIAL ANALYST

BROAD EXPERIENCE IN EXPANDING INTERNATIONAL GROUP

Our client is a well established and financially sound UK plc, as well as a market leader, and has a strong track record in profitable international sales. The Group has also had very favourable reactions, both in the City and media, to its latest international acquisition activities.

This continued profitable growth demands the recruitment of an additional fast-track young Qualified Accountant to join the Group Head Office team. The responsibilities of the role will be wide and varied, in response to the needs of the business, and will include:

- Periodic financial and management accounting and reporting; and analysis of operational and group results.
- All aspects of budgeting, forecasting & planning. Review of ad-hoc financial and commercial issues, including acquisition studies.

You will be expected to be flexible between the technical, systems, and analytical requirements of the role. In addition you will be:

- Ambitious and confident, able to support these qualities with a proven track record of adding value.
- Able to combine an attention to detail with the ability to consider the wider perspective.
- An individual with a strong financial background ideally obtained with a large and focused, blue chip organisation. The position will offer career opportunities (both in the UK and overseas) into a senior line role for the individual who is able to contribute significantly to this initial challenge.

A second EUROPEAN language would be advantageous but is not essential.

If you feel that you would like to discuss this exciting opportunity further you should write to Karen Wilson BA ACMA at FMS, 5 Breams Buildings, Chancery Lane, London EC4A 1DY enclosing a recent CV and a note of current salary.

WEST END

AGE 24-29 YEARS

£30-35,0000pa plus CAR

Mercedes-Benz Finance Ltd.

Mercedes-Benz Finance Ltd, part of Daimler-Benz AG, provides a range of financial services to all Mercedes-Benz Dealers and their private and corporate customers. Launched in October 1990, a £200 million portfolio has been quickly built up and the Company is set for continued expansion.

LEASING & FINANCE

To develop our Treasury function we need an:-

ASSISTANT TREASURER
Milton Keynes

You will be responsible for cash flow control and forecasting, recording cash movements within the Treasury Department and liaising with banks and the Daimler-Benz Holding Company in London. You should be thoroughly familiar with UK capital market instruments. Additionally, it is highly desirable that you have a background in either financial analysis or accounting. A knowledge of computer spreadsheets is essential.

Aged 25-30, with a BSC in Economics/MBA and studying for the ACT examinations, you will welcome a great deal of responsibility, and will be looking for progression within the Daimler-Benz Organisation.

This is an exceptional opportunity, offering excellent salary and benefits, to someone with the drive and personality to make a real contribution to a growing Company.

Written replies only, please to: Janina Pownall, Personnel Manager, Mercedes-Benz Finance Ltd, Marlborough Court, Sunrise Parkway, Linford Wood, Milton Keynes MK14 6YR.

Financial accountant

TO £34,000 PLUS CAR — *MAJOR SUBSIDIARY*

This client is the major subsidiary of a fast changing British PLC. The Company has a large national distribution network supporting customer requirements at short notice and turnover is around £100m. It has recently installed a new integrated accounting system and as a result this new position has been established to ensure the potential of the system is fully realised. The Company is conveniently based in East London.

Reporting to the Finance Director and managing and developing a 20 strong department, the Financial Accountant is charged with ensuring the benefits of the new system are maximised in the areas of Financial Accounting, Payables and Receivables.

Candidates must be qualified with an ACCA or ACA and they will be over 35. Technical proficiency is essential as is a strong ability to manage and respond to change through a practical results oriented style. Experience of a high transaction distribution company with first class systems is essential.

If you are interested in making a significant contribution to the development of this Company please reply in confidence by sending your Resumé to Eastwood Consulting, 22-25 Sackville Street, London W1X 1DE. Please quote reference 589.

EASTWOOD CONSULTING

INTERNATIONAL FINANCE CO-ORDINATOR

required for international group to provide an overview of and monitor a diversified investment portfolio.

University degree, accountancy qualifications and a background in securities and investment preferred. Computer literacy and good references essential. Probably aged about 25.

Please send CV and references to:
Simmons & Simmons, 14 Dominion Street,
London EC2M 2RJ, Ref: 8/DXW,
to arrive no later than 7th September 1992.

Assistant Treasurer

BE THE IDEA BEHIND OUR SUCCESS

INTELSAT, a global member-owned telecommunications organization, is seeking an Assistant Treasurer with sharp business acumen and the ability to generate creative ideas to lower our overall cost of capital and enhance our financial, competitive and strategic strengths. Specifically, you will develop and evaluate all external financing alternatives and manage and administer overall cash, investment, and short- and long-term debt and foreign exchange and general corporate risk portfolio policies and operations.

This prestigious role requires an MBA or equivalent and 10-15 years experience in various cash and treasury management disciplines (emphasizing external financing, investment, debt and risk portfolio selection and banking and investor relations). Must have 5-7 years experience in applied creative financial products for financial ventures; ability to work with all levels of management; and excellent written, verbal and presentation skills. Knowledge of French and or Spanish is desired.

Put your ideas to work for your success and ours, and send your resume in confidence to: INTELSAT, 3400 International Drive, NW, Box 21-FT, Washington, DC 20008-3098, USA; FAX (202) 944-7150. Non-U.S. citizens are encouraged to apply.

intelsat

Head of Operational Review

Substantial International Plc

c.£37.500 + Car + Bonus + Benefits — North West

Key senior role to establish effective operational review function within major division of this expanding and profitable international plc.

THE COMPANY

- *Significant UK plc with multi-site manufacturing, retail and distribution operations worldwide. Turnover over £500m*
- Highly acquisitive. Emphasis on autonomy within business units

THE POSITION

- Establish respected operational review function. Report to *Group Finance Director. Liaise with external auditors.*
- Review accounting, computer systems and management procedures. Work closely with operating units to highlight and address critical business areas.
- Significant project work pre and post acquisition; international exposure.

QUALIFICATIONS

- Chartered Accountant, aged 28-35, either a manager in the profession or currently in industry.
- Ideally: industrial and retail audit experience and exposure to sizeable international organisations. Computer literate.
- Motivated, ambitious and excellent communicator. Credibility to work with and influence senior management and the Board.

Please write, enclosing full cv, Ref ML3183
Courthill House, Water Lane, Wilmslow, Cheshire, SK9 5AP

N·B·S

NB SELECTION LTD - a Norman Broadbent International associated company
MANCHESTER 0625 539953 • LONDON 071 493 6392 • BIRMINGHAM 021 233 4656
SLOUGH 0753 819227 • BRISTOL 0272 291142 • GLASGOW 041 204 4334 • ABERDEEN 0224 638080

ASSISTANT ACCOUNTANT INSURANCE/ REINSURANCE

c£22,000 — City Based

Expanding Company has urgent requirement for a part qualified Accountant to join small highly motivated accounts team. Insurance/DTI experience a must.

Reply to Box A1923, Financial Times, One Southwark Bridge, London SE1 9HL.

FINANCE DIRECTOR (DESIGNATE)

West London - M3 — **£30-£35,000 pa+car+benefits**

Our client is a FMCG manufacturer requiring a qualified accountant to take complete responsibility for financial and management accounts, budgetary control, cash management and the DP function.

Candidates should have the communication skills to represent the group externally as well as the experience to contribute to the company's management and development in a fast growth environment.

The best qualified candidates will have at least five years post qualification experience, ideally gained in a manufacturing environment and strong computer skills (specific experience of utilising Tetra Chameleon in Manufacturing software would be a considerable advantage). Prospects within this growing company are outstanding.

Interested candidates should write enclosing a full CV to:
Hacker Young -
Professional Recruitment
St Alphage House
2 Fore Street
London EC2Y 5DH
Quoting reference: JKE/H12

Hacker Young
Chartered Accountants
A member of Urbach Hacker Young International

FINANCIAL CONTROLLER

LONDON/SURREY BORDERS — TO £30,000

The recent merger of Tempo plc, a profitable, independent electrical retailer and Bonsai Ltd, a leading PC distributor, has led to the creation of this important position at the Group Head Office in Kingston, Surrey. Our annual turnover is around £100m and we are currently undertaking an ambitious expansion programme.

Reporting to and working closely with the Group Financial Director, your role will encompass both financial and management accounting. Key responsibilities will include the preparation of the Bonsai statutory and management accounts, the development of accounting systems and controls, and the management and training of the department's staff.

The successful candidate will be a qualified accountant, in his/her thirties, with at least five years proven financial and management background. You will already have gained practical experience of implementing and monitoring financial control systems within a well-established organisation, preferably including exposure to manufacturing accounts. This must be backed by strong communication, management and PC skills combined with the ability to perform effectively under pressure in our 'hands-on' culture. You will be dynamic and ready to take on a new challenge. A group role is envisaged within six months

In the first instance, applicants should write with full CV to:
Kieran Best, Personnel Manager,
Tempo/Bonsai Group, 1 Wheatfield Way,
Kingston-Upon-Thames, Surrey KT1 2TU.

FINANCIAL CONTROLLER/FD DESIGNATE

London SE — **£30,000 plus bonus & car**

Our client is a privately-owned company trading as a specialist builders merchant. The business occupies an established market position as an approved stockist for a number of market-leading branded product ranges. The organisation now has a need for a dynamic accountant to take responsibility for the company's financial affairs and this need is reinforced by the company's plans for expansion.

The Role

- As an equal partner in the management team of three, provide real contribution to the direction and development of the business.
- Complete responsibility for financial and management accounts, budgetary control, cash and stock management.
- Review and redefinition of monthly reporting routines.
- Provide strong leadership to the company's small finance team.

The Candidate

- Graduate calibre qualified accountant aged over 30.
- Willingness to adopt a 'shirt sleeves' approach and the drive to achieve results.
- Self-starter with the maturity and entrepreneurial flair to contribute as a quasi-partner.
- Computer literate.

For the right candidate, an attractive remuneration package is offered including an immediate profit-related bonus, and a longer-term opportunity of significant equity participation.

Interested candidates should forward a comprehensive curriculum vitae quoting reference MMF to Tony Steinthal at Chantrey Vellacott 23-25 Castle Street, Reading, Berkshire. RG1 7SB

NEWLY QUALIFIED CIMA OPPORTUNITIES

Financial Planning & Analysis

Gloucestershire

c £30,000 + FX Car + Benefits + Relocation

Our client is a world class organisation with a turnover for 1991 in excess of £2.5 billion and pre tax profits of £206 million.

As the world leader in its field, the Group is committed to building on its strong European base to meet the challenges of the 1990s. The Group recently announced a £165 million capital investment programme in their research, development and manufacturing operations in Europe.

A challenging and exciting opportunity has arisen for a high calibre accountant to provide expert support to the *Electronics Manufacturing Division.* Reporting to the Financial Planning and Analysis Manager and working closely with the Electronics Business Centre Manager and his team, key responsibilities will include:

- Compilation of annual plans
- Investment appraisal of capital acquisitions and assessment of financial viability
- Development of standard and product costing systems
- Identification and implementation of new initiatives to enhance profitability
- Management of a small team
- Commercial interaction with management at all levels within the business

The successful candidate will be a qualified accountant with substantial experience in a manufacturing, preferably electronics sector. Proven abilities in staff management, forward planning and financial reporting, together with strong communication skills are important attributes. In return the Group offer an excellent package including attractive basic salary and generous relocation assistance. Promotional prospects are exceptional based on ability to perform.

For further information please write, enclosing a comprehensive CV in the strictest confidence to:
Paul Toner, Regional Manager, Michael Page Finance, 29 St. Augustine's Parade, Bristol BS1 4UL.

MP

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Vous fait part d'un accord publicitaire avec les ECHOS le quotidien économique le plus important en France. Dans la rubrique "Offres d'emploi Internationales", une annonce conjointe dans le FINANCIAL TIMES et LES ECHOS augmentera de façon substantielle l'impact de votre message sur les cadres dirigeants en Europe. Chaque semaine les annonces paraîtront dans les Echos *le mardi et dans le Financial Times le mercredi ou le* jeudi (le vendredi dans l'Edition Internationale du Financial Times). Pour de plus amples renseignements, veuillez contacter:

STEPHANIE COX-FREEMAN
071 873 4027

DIRECTORS

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For further information call Keith Mitchell on 071-930 5041

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Passed Finalists List

CIMA

The names given below are successful candidates in CIMA's Stage 4 (final) examination taken in May 1992. In the United Kingdom the pass rate was 40.7%. The pass rate for home and overseas students combined was 33.3%. The locations given are those of the exam centre where the candidates sat.

A

VA ABEYASINGHE, Colombo; D ABIUTE, Harare; LW ADAM, Glasgow; HG ADAMS, London West; MB ADAMS, Wellington; KP ADDENBROOKE, Derby; WB AHERN, Cork; N AHMAD, London South; PJ AINSWORTH, Blackburn; OM AKINOSHO, London East; M AKRAM, Southampton; ST AKWESHIE, Gaborone; AB ALAYANDE, London Central; B ALLEN, London Central; DP ALWIS, London Central; LO AMAO, London North; FMI AMEEN, Colombo; BW ANDERSON, Johannesburg; IB ANDERSON, Southampton; M ANDERSON, Nottingham; ME ANDERSON, Worthy Down; TMA ANDRADI, Orpington; LJ ANDREW, Slough; PV ANDREWS, Wednesbury; JF ANGLIM, London Central; DF ANKER, Peterborough; CCN ANTHONY, Colombo; NA ANTHONYPILLAI, London Central; AE ARCHBOLD, Belfast; HA ARCHBUTT, Leicester; DI ARCHER, Worthy Down; DE ARGENT, Brighton (Hove); DA ASHBY, Sheffield; PT ASHTON, Manchester; B ASPLAND, London Central; RS ASTON, Manchester; SM ASTON, London West; P ATHERTON, Wigan; AA ATHMAN, Nairobi; CJ ATKINS, Orpington; SH ATKINS, Middlesbrough; RF ATKINSON, Cambridge; C ATTRILL, Birmingham; AU KOK HING, Kuala Lumpur; JA AUBREY, Wednesbury;

B

CJ BADGER, Wednesbury; FF BADURDEEN, Colombo; JN BAILEY, Birmingham; PA BAILEY, Dunstable; PD BAILEY, Manchester; RM BAILEY, Reading; SM BAINBRIDGE, Nottingham; JC BAIRD, London Central; US BAJEKAL, London Central; D BAKER, Liverpool; SL BALSARA, Birmingham; RC BANKS, Birmingham; TD BANKS, Peterborough; JC BANNER, Dunstable; MD BAPTIST, London Central; JM BARBER, Bletchley; B BARCLAY, Edinburgh; DS BAREHAM, London East; PW BARKER, Leeds; PJ BARLOW, Northampton; G BARNES, Slough; SJ BARNES, Croydon; JP BARRETT, Newcastle; TJ BARRETT, Leeds; S BARRON, Sheffield; SJ BARROW, Preston; BPM BARRY, Waterford; K BARRY, London West; AR BARTLETT, Cardiff; AC BARTON, Nottingham; BASRUN BIN HUSAIN, Kuala Lumpur; R BATE, London Central; DP BATEMAN, London West; CM BAVEYSTOCK, Reading; NA BEATON, Southampton; KR BEATY, Aberdeen; J BECK, Wednesbury; AC BECKWITH, Chelmsford; CA BEDDOE, Bletchley; C BEDFORD, Norwich; M BEDFORD, Reading; DP BEECH, Southampton; W BEEDLE, Sheffield; CCJ BEER, Nottingham; YC BEH YOKE CHOOI, London Central; KT BEIRNE, Watford; J BELL, Edinburgh; CJ BELLINGER, Southampton; JW BELSHAW, London West; AJ BENNET, Glasgow; RP BENNIE, Glasgow; JL BENTON, Wigan; HK BENVIN, Middlesbrough; SR BENZEVAL, London Central; CJ BERRY, Blackburn; JM BESWICK, Coventry; D BETHOM, York; GS BHANDAL, Wednesbury; S BHASKARAN, London Central; S BHAYANI, Watford; S BHOLAH, Mauritius; BIGGS, Sheffield; IR BIRD, Birmingham; RG BISHOP, Southampton; M BISHOP-BAILEY, Worthy Down; MC BISPHAM, London West; DB BLACK, Derby; GN BLACKLOCK, Southampton; MB BLACKWELL, Kingston Upon Thames; A BLAIN, London Central; S BLAIR, Southampton; JE BLAKE, Southampton; VA BLEASE, Derby; A BLEYTHING, Taunton; WG BOEDIHARDJO, Hong Kong; LS BOGAHAWATTE, Colombo; DA BOHAN, Athlone; JR BOLSTER, Winchester; MJ BOLTON, Southampton; K BOND, London Central; LA BOND, London East; RSF BOND, Watford; K BONE, Southampton; J BONG KIM FOOK, Kuala Lumpur; BOOK BOON KEONG, Kuala Lumpur; IM BOOTH, Birmingham; M BOTHA, Cape Town; RC BOULLE, Durban; NC BOURKE, Worthy Down; TJE BOWEN, Slough; D BOWKER, Manchester; SR BOWKER, London East; JDM BOWLER, London Central; D BOWMAN, Slough; SK BOX, Birmingham; JM BOYD, Manchester; JD BOYLE, Bletchley; SE BRABYN, Reading; LJ BRACKPOOL, London Central; JD BRADLEY, Wigan; RM BRADLEY, Slough; GJ BRADWELL, Wakefield; VM BRADY, London East; JL BRAIN, Cambridge; PM BRAMLEY, London West; JM BRAZIER, Slough; BM BREEN, Stoke; NAE BRIDGE, Sydney; CA BRIDLE, Nottingham; BC BRIEN, London Central; MA BRINKMANN, Cape Town; NJ BRISTOW, London South; DA BRODIE, Brighton (Hove); CI BROHIER, Swindon; J BROOKES, York; NDW BROUGHTON, Cheltenham; C BROWN, London Central; CH BROWN, London Central; DM BROWN, Leeds; G BROWN, Newbury; GE BROWN, Watford; SR BROWN, Stoke; MJ BROWNE, Reading; PM BROWNING, London Central; NC BRUNNING, Croydon; TD BRUNT, Sheffield; GP BRYAN, Nottingham; PC BRYAN, Kingston Upon Thames; T BUCK, Blackburn; SA BUCKNALL, London West; WJL BURGER, Cape Town; MD BURKE, Watford; NS BURKETT, Cape Town; E BUSKEY, Manchester; P BUSSANDRI, London North; DM BUTTS, London Central; JS BUXTON, Bletchley; SAM BYRNE, London South;

C

MR CADER, Colombo; R CAHILL, London Central; NW CALVERT, Birmingham; FM CAMERON, Southampton; GW CAMERON, Edinburgh; NJ CANDLER, Brighton (Hove); CS CANN, Kingston Upon Thames; KG CANT, Chelmsford; DA CAPEWELL, Birmingham; S CAPPER, Stoke; ESH CAPSTICK, Liverpool; SJ CARLEAM, Cape Town; P CARLIN, Manchester; LM CARNEIRO, London Central; PD CARPENTER, Derby; JM CARR, Northampton; AR CARTER, Middlesbrough; SE CARTER, London Central; S CARTLEDGE, London Central; HM CARTY, London Central; MP CARVER, London North; A CASEY, Dublin; JM CASEY, Dublin; SD CASPER, London West; MBD CASSIDY, Maidstone; SA CATHCART, Chelmsford; BW CATHRO, London West; AV CAULFIELD, Dublin; L CAWTHORNE, Derby; CH'NG SIOK IM, Kuala Lumpur; DYC CHADWICK, Northampton; SA CHADWICK, Southampton; CHAI KEE KAN, Kuala Lumpur; CHAI YUET CHON, London Central; RJ CHALHOUB, Johannesburg; SM CHALK, Maidstone; RR CHALMERS, London Central; F CHAMBERLAIN, Liverpool; RB CHAMBERS, York; CHAN MIEW LENG, Kuala Lumpur; L CHAN POH LENG, Kuala Lumpur; CHAN SAI KHUEN, Kuala Lumpur; CHAN THYE AIK, Orpington; CHAN WAI PING, Hong Kong; V CHAPMAN, Manchester; P CHARAVANAMUTTU, Luton; JA CHARGE, Slough; MG CHATT, Southampton; CHAU WAI HUNG, Hong Kong; CHAY SIEW MUN, Kuala Lumpur; KA CHELLARAJA, Colombo; CHEN YU MEI, Kuala Lumpur; CHENG WAI KEUNG, Manchester; CHEOK CHOON TUCK, London North; E CHEONG KAH LAI, London Central; CHERNG CHIN GUAN, London Central; KT CHERRY, London Central; C CHEUK KA YEU, Hong Kong; R CHEUNG WAI YI, Hong Kong; CHIA BOON SHENG, Kuala Lumpur; MJ CHIDWICK, Dunstable; CHIN CHOY KEUN, Kuala Lumpur; CHIN KAH KIT, Kuala Lumpur; ID CHISHOLM, London Central; CHONG CHOOI THENG, Kuala Lumpur; CHONG HON HEONG, Kuala Lumpur; CHOONG KEAT KEONG, Kuala Lumpur; ZI CHOUDHARY, Orpington; CHU HON KIT, Hong Kong; CHU YOONG KHENG, Kuala Lumpur; M CHUAH KUI MENG, Kuala Lumpur; CHUNG TZE LEONG, Kuala Lumpur; V CHUNG YUK HUNG, London West; AG CLARK, London South; BJ CLARK, Cardiff; CJ CLARK, Liverpool; SJ CLARK, Manchester; AJ CLARKE, Derby; CJ CLARKE, London Central; J CLARKE, Taunton; NI CLARKE, Leicester; DM CLAY, Manchester; NJ CLAY, Bristol; JB CLAYMAN, Manchester; CPR CLAYTON, Slough; E CLAYTON, Reading; PF CLEGG, Manchester; RG CLEMENTS, Belfast; RH CLEMONS, Coventry; A CLIFFORD, Oxford; FAA CLOHOSEY, Cork; AJ CLOW, Edinburgh; DB CLUNE, Kingston Upon Thames; RC COATES, London Central; DJ COBBETT, Southampton; PB COBURN, Wednesbury; DT COCHRANE, London South; E COCKBURN, Luton; AG COGHILL, Birmingham; MA COLE, Reading; PS COLEMAN, Athlone; GP COLES, Swindon; DJ COLLINS, Norwich; GD COLLINS, Watford; SJ COLLINS, Cardiff; LD COMBER, Croydon; CA COMPSON, London Central; MA CONACUR, London West; SM CONLEY, Coventry; A CONNELL, Derby; JT CONNOLLY, Dublin; P CONNOR, Hull; CP COOK, Southampton; JNH COOKE, Gaborone; SD COOLES, London Central; CA COOPER, London East; DJ COOPER, Manchester; PG COOPER, Derby; C CORBETT, Dublin; EM CORCORAN, Edinburgh; JH CORDNER, Swindon; SM CORKILL, Southampton; SJ CORNELIUS, Orpington; DA CORNS, Wednesbury; EP CORRIGAN, London Central; MN COSTA, Leeds; K COTTRELL, Worthy Down; K COWAN, Glasgow; DM COX, Slough; S COX, Dunstable; MA COXON, Nottingham; AJ CRANN, Coventry; EA CRATCHLEY, Derby; MR CREASEY, London Central; PE CREEK, Peterborough; NG CREES, Swindon; MC CROFT, Kingston Upon Thames; DA CROMBIE, Slough; JE CRONIN, Worthy Down; AJW CROUCHER, Southampton; P CROUCHER, Orpington; SD CROUD, Southampton; R CROWTHER, Wednesbury; NSW CRYMBLE, Manchester; RL CSERJEN, Maidstone; G CULLEN, London Central; JE CURTIN, Northampton; PA CURTIS, London South; S CUTTELL, Kingston Upon Thames; SJ CUTTING, Slough;

D

JL DALTON, Watford; NJ DALTON, Middlesbrough; PA DALY, London West; HL DALZELL, Nottingham; EC DANCER, London Central; JPA DANIELS, Wednesbury; AJ DAULBY, Liverpool; KJ DAVENPORT, Liverpool; R DAVEY, Leeds; GMO DAVID, Reading; B DAVIDSON, Edinburgh; RJ DAVIDSON, Nottingham; C DAVIES, Luton; CA DAVIES, Newport; CJ DAVIES, Deeside (North Wales); DE DAVIES, Newton (Powys); MJ DAVIES, Newport; DP DAVIS, Glasgow; LJ DAVIS, London Central; MJ DAVIS, Cheltenham; PAG DAY, London North; WDV DE ALWIS, Colombo; M DE BEER, Cape Town; RA DE COSTA, Colombo; A DE KOCK, Cape Town; WV DE LEEUW, Cape Town; AR DE ROSE, Colombo; DDG DE SILVA, Colombo; GHT DE SILVA, Colombo; HN DE SILVA, Colombo; KS DE SILVA, Colombo; RRS DE SILVA, Colombo; SBD DE SILVA, Colombo; TH DE SILVA, Colombo; WML DE SILVA, Colombo; VX DE SOUZA, Harare; CP DEGNAN, Glasgow; MC DEKKER, Durban; DP DEMMERY, London Central; JR DEMPSEY, London South; S DENNY, Sheffield; SR DENTITH, Northampton; VA DEVEREUX, Dublin; DN DEVINE, Hong Kong; P DEVINE, Manchester; KM DEVLIN, Birmingham; BR DEVOIL, Slough; BT DICKENSON, Dublin; AC DICKINSON, Derby; FC DICKSON, Swindon; GG DINWOODIE, Johannesburg; AI DISSANAYAKE, Colombo; P DIXON, Glasgow; EC DOBSON, Blackburn; LW DOBSON, Leeds; DT DOHERTY, Croydon; ME DOIG, Leicester; MB DONACHIE, Edinburgh; ADL DONALD, Wednesbury; BP DONNELLY, London Central; CM DONNELLY, Swindon; DL DONNELLY, Reading; ML DONNELLY, London West; P DONOVAN, Deeside (North Wales); V DORAH, Mauritius; KP DORAN, Luton; JE DORSETT, Swansea; P DOWLING, Dublin; DS DOWNIE, Leeds; PJ DOWNIE, Croydon; GJ DREW, Derby; MR DUCKWORTH, Sheffield; PF DUDFIELD, Wednesbury; TT DUFF, Johannesburg; A DULLOO, London North; S DUNBAR, Peterborough; PWT DUNCAN, Edinburgh; RG DUNLEAVY, Chelmsford; NM DUNN, Cheltenham; WP DUNNE, Dublin; SJ DUNNILL, York; SG DWAN, Limerick; M DWYER, Dublin;

E

PM EARLS, Dublin; EM EASTON, Peterborough; MB EDWARDS, Wednesbury; S EGAN, London East; MC ELDRED, Reading; NCP ELLIOT, Swindon; SP ELLIS, Taunton; KW ELLIS, Slough; L ELLIS, Deeside (North Wales); JR EMMETT, Cheltenham; LP ENGLAND, Winchester; DB EREDEMI, Port Harcourt; GJ EVANS, London West; IE EVANS, Edinburgh; GL EVERALL, Stoke; PJ EWART, Belfast; RWA EWINS, Kingston Upon Thames;

F

LJ FAHY, Athlone; KR FAIRBROTHER, Newcastle; DJ FAIRLEY, Slough; AJ FARLEY, Wakefield; CP FARMILOE, Maidstone; CE FARRELL, Wigan; D FARRELL, Liverpool; S FARRINGTON, London North; CA FARTHING, Peterborough; S FAULKNER, Liverpool; PJ FAWCETT, Hull; CM FEARBY, Slough; JM FELSTEAD, Birmingham; BKN FERNANDO, Melbourne; ND FERNANDO, London West; S FETTES, Winchester; I FIDLER, Manchester; RJ FIELD, Coventry; A FINLAYSON, Aberdeen; CH FINN, Birmingham; AC FISHER, Slough; AJ FISHER, Manchester; KD FISHER, Bristol; MW FISHER, Maidstone; NC FLEMING, Glasgow; TE FLETCHER, Watford; PJ FLYNN, Dublin; FOO FONG NGAN, Kuala Lumpur; D FORD, Newcastle; SK FORD, London West; RWW FORREST, Hamilton; JY FOSTER, Derby; SA FOTHERGILL, Coventry; RD FOWLER, Birmingham; KM FOYLE, Christchurch; GP FRANCIS, Derby; JG FRANCIS, Southampton; EM FREEL, Reading; CL FREEMAN, Southampton; DA FRENCH, Wigan; AJ FRITH, Leeds; G FRODSHAM, York; SC FROGLEY, London South; RM FROST, London South; JR FULCHER, Dunstable; BM FUNDIRA, Harare; FUNG WAI TAT, Hong Kong;

G

AS GAETA, Middlesbrough; DP GALBRAITH, Birmingham; GA GALLIANO, Croydon; WDR GALT, Glasgow; PA GALVIN, Birmingham; AM GAMSTON, Kingston Upon Thames; TA GARSTANG, Middlesbrough; SJ GARVIE, Northampton; GB GAUGHAN, Northampton; CR GAVIN, Croydon; KE GEBHARDT, Johannesburg; LT GENNOE, Wednesbury; MT GHOUSE, Colombo; SJ GIBSON, Cheltenham; SP GIBSON, Oxford; BS GILL, Slough; P GILL, London West; SJ GILL, Kingston Upon Thames; PJ GILLESPIE, Kingston Upon Thames; JC GILTINAN, Cork; NLH GINN, Watford; PH GINN, Peterborough; A GNANENDRAN, Colombo; GOH SWEE LAN, Kuala Lumpur; TW GOOD, London South; RD GOODMAN, Kingston Upon Thames; MR GOODSELL, Kingston Upon Thames; DSJ GOODWIN, Worthy Down; RS GOONETILLEKE, Colombo; CA GORDON, Edinburgh; PM GORDON, Croydon; PA GORTON, Manchester; AT GOSLING, Liverpool; RC GOULD, London South; CA GOULTY, London West; HL GRAHAM, Preston; MJ GRAINGER, Wednesbury; SH GREAVES, Liverpool; TI GREEN, Blackburn; JL GREENALL, Glasgow; N GREENFIELD, Birmingham; NG GREENWOOD, Watford; MD GREGG, Southampton; DS GREGORY, Newcastle; JL GRIFFITH, Coventry; AP GRIFFITHS, London Central; JK GRIFFITHS, Wakefield; PM GRIFFITHS, Wednesbury; AK GRIMLEY, Derby; FE GROEPE, Potchefstroom; DG GUERIN, Dublin; MKV GUNASEKARA, Colombo; MPA GUNEWARDENE, Colombo; CS GUNNS, London Central; C GURA, Harare; K GURAM, Derby; MF GURMAN, Southampton; H GWATKIN, Liverpool;

H

T HABIB, Leeds; MJ HACKETT, Derby; WJ HADLEY, Wednesbury; AI HAFEEL, Colombo; VB HAGAN, London Central; H HAIMES, Liverpool; JG HAINES, Johannesburg; KE HAINES, London East; BA HALL, Leeds; CJ HALL, Nottingham; GA HALL, Northampton; RL HALL, London West; MA HAMBLETT, Wednesbury; FMH HAMILL, Belfast; K HAMILL, Glasgow; S HAMILTON, Sheffield; SW HAMMETT, Orpington; S HANIF, Slough; MN HANIFF, Kuala Lumpur; NI HANIFFA, Colombo; WM HANNA, Glasgow; C HANS, Port Elizabeth; GR HARBER, Birmingham; JFD HARCOMBE, York; GC HARDEN, Oxford; DS HARDIE, Derby; NM HARDING, Southampton; ML HARGREAVES, Peterborough; MR HARMER, Chelmsford; ADD HARRIES, Nottingham; AR HARRIS, Swansea; KM HARRISON, Jakarta; NC HARRISON, London Central; RD HARRISON, Birmingham; SL HARRISON, Northampton; CF HART, Oxford; JM HART, Manchester; AJ HARTLEY, Dunstable; LA HARTLEY, Glasgow; SJ HARVEY, Pitsea; SA HASAN, Slough; N HASSAN, Karachi; JA HAWKES, Taunton; TD HAWKIN, Cambridge; DJ HAWLEY, Wednesbury; DA HAYDEN, Athlone; AB HAYES, Maidstone; IM HAYNES, Luton; AJ HAYSOM, Bristol; ME HAYTON, Chelmsford; SC HAYWARD, Southampton; M HAYWOOD, Coventry; NP HAYWOOD, Nottingham; DJ HAZELL, Slough; M HEALY, Cork; PA HEATH, Stoke; CW HEATON, Preston; MC HEDUVAN, Slough; JP HEFFERON, Belfast; KMA HEMASIRI, Riyadh; AC HENDERSON, Manchester; JFR HENDERSON, Croydon; SG HENDREN, Glasgow; JC HENN-ALLEN, Birmingham; NP HENNESSY, Dublin; JR HENSHAW, Bournemouth; HW HERBST, Cape Town; DA HERD, Peterborough; SK HEXTALL, Manchester; SP HEY, York; PD HEYWOOD, Slough; JL HICKSON, London West; DM HIGGINS, Amsterdam; DE HILL, London Central; DR HILL, Newcastle; KL HILLSDEN, Derby; D HINES, Southampton; DS HINES, Coventry; JE HIRST, Wakefield; SM HIRST, London Central; CA HOADE, Slough; RE HODGETTS, London West; JW HODGSON, Newcastle; JA HOLBROUGH, Newport; GL HOLDEN, London Central; GW HOLDEN, Cambridge; MD HOLLAND, London Central; P HOLLAND, Glasgow; CL HOLLIS, Nottingham; TR HOLME, Manchester; RV HOLMES, Worthy Down; RG HOLROYD, Leeds; ADW HOOD, Wigan; GF HOOD, Worthy Down; PA HOPEWELL, Nottingham; PTH HOPLA, Slough; ML HORN, Southampton; DC HOROBIN, Coventry; ID HORSFALL, Coventry; JA HORSLEY, Leeds; MB HOUGHTON, Leeds; PJ HOUGHTON, Middlesbrough; SA HOWARD, Southampton; HUANG LEE MENG, Kuala Lumpur; AJ HUCKLE, Reading; NC HUDSON, Deeside (North Wales); RM HUMPHREYS, London Central; DR HUNT, Liverpool; PH HUNT, Luton; SC HUNTER, Preston; SJ HUNTER, Sheffield; TJ HUNTER, Bournemouth; MH HURLOCK, Chelmsford; AJ HURWORTH, Middlesbrough; MZ HUSAIN, Colombo; MJ HYLAND, Dublin;

I

R INDRA, Croydon; PJ INGLIS, Birmingham; AN INGRAM, Luton; KS IRONSIDE, Winchester; M IRWIN, Coventry; NJ ISAACS, Worthy Down; SN IYENGAR, Bombay;

J

NP JACKSON, London East; D JADAV, Watford; HL JADAV, Watford; ACK JALLI, London Central; HM JAMALDEEN, Colombo; LE JAMES, London North; ZB JANSEN, Johannesburg; W JAYAKANTH, Colombo; WJD JAYALATH, Colombo; AS JAYASINGHE, Colombo; ASN JAYESINGHE, Colombo; CM JEFFREE, Nottingham; K JEGESWARAN, Watford; MFJ JENNINGS, Croydon; CR JOSY, Norwich; BV JOHNSON, Gaborone; FM JOHNSON, London Central; GF JOHNSON, Liverpool; LJ JOHNSON, Deeside (North Wales); RP JOHNSON, Southampton; SL JOHNSON, Dunstable; RL JOHNSTON, London Central; JA JOLLIFFE, London South; BG JONES, Dublin; CA JONES, Stoke; CH JONES, Slough; EC JONES, Swindon; HS JONES, Stoke; IP JONES, Coventry; MD JONES, Southampton; PA JONES, Swindon; PC JONES, Liverpool; SA JONES, Southampton; SE JONES, Manchester; SR JONES, Manchester; HJ JOWETT, Nottingham; HA JUDGE, London Central; P JULNES, Winchester;

K

DRB KABAARA, Nairobi; RR KAJKOWSKI, London North; KS KALUGALAGEDERA, Colombo; NS KAMALGODA, Colombo; SM KARIYAWASAM, Colombo; LG KASWELL, London South; HM KAZILBASH, London South; CD KEANEY, Dublin; KF KEANEY, London East; JP KEARNEY, London Central; MMB KEATING, Waterford; AV KELLY, Worthy Down; CC KELLY, London Central; S KELLY, London Central; GA KEMM, Nottingham; KENG PHOI HOON, Kuala Lumpur; CL KENNAWAY, London West; JR KENNEDY, London North; PJD KENNETT, London Central; AM KENNY, Waterford; FA KENNY, London Central; D KENWRIGHT, Birmingham; KMM KERBEY, Worthy Down; D KERR, Glasgow; DS KERR, London South; JA KETTLE, Birmingham; KHOO GUAN KIAT, Kuala Lumpur; KHOO HONG SENG, Penang; KHOO POH POH, Penang; MD KILLICK, London Central; EP KING, Orpington; PA KING, Dunstable; PA KING, Maidstone; TM KING, London West; JA KINGHORN, Leeds; RW KIRKWOOD, London South; AE KNIBB, Newcastle; RM KNIGHT, Leeds; RS KNIGHT, Wednesbury; RA KNOWLES, Leeds; R KO WAI FUNG, Hong Kong; KOK WENG CHEONG, Kuala Lumpur; KOO SOOK FUN, Kuala Lumpur; S KOUNDINYA, London Central; KUET MING KIANG, Kota Kinabalu; KK KUJINGA, Harare; P KUMAR, Dubai; S KUMAR, Watford; AD KUSHIN, London East; MJ KUSPISZ, Wakefield;

L

C LABDON, London Central; WA LAGAAY, Amsterdam; E LAI, Newcastle; R LAI KUOH HEE, London Central; LAI LEE SHONG, Kuala Lumpur; AJ LAINSBURY, Reading; RDB LAIRD, Swindon; MJ LAMBERT, Swindon; TA LAMBERT, Taunton; CM LANDERS, Limerick; KL LARNER, Wednesbury; A LATHBURY, Birmingham; EJ LATTO, London North; LAU KIM PEOW, Kuala Lumpur; GRT LAUGHLIN, Hamilton; M LAW, Wednesbury; AM LAWRENCE, Wednesbury; JA LAWRENCE, Hull; SJ LAWRENCE, Bristol; SK LAWRENCE, Slough; F LAWTON, Swindon; HS LAY, Cambridge; MAG LAY, Oxford; S LEA, Peterborough; PK LEDDY, Dublin; RD LEE, London Central; SD LEE, Exeter; VL LEE, Leeds; LEE CHIN SOON, Kuala Lumpur; LEE CHOI FOON, Kuala Lumpur; LEE KOK PIEW, Kuala Lumpur; SLL LEE LAI SHAN, London Central; LEE MAN CHEUNG, Hong Kong; LEE MONG FANG, Kuala Lumpur; LEE POH LUAN, Penang; LEE SHIK KEE, Penang; LEE SUAT HANG, Kuala Lumpur; LEE TAK KUEN, Hong Kong; LEE WEA, Kuala Lumpur; LEE YOKE KUNG, Kuala Lumpur; J LEIGH, London East; M LEIGHTON, London Central; DJ LENEY, Slough; DC LENNARD, Slough; LM LEONARD, Dublin; LEONG BENG CHEONG, Singapore; LEONG CHONG PENG, Kuala Lumpur; LEONG TUCK WENG, Kuala Lumpur; IS LESLIE, Birmingham; M LEUNG, Slough; JL LEWIS, Preston; S LEWIS, Wakefield; F LIGHTFOOT, Deeside (North Wales); LIM CHEE CHEONG, Kuala Lumpur; LIM CHIN BENG, Singapore; LIM ENG KUN, Kuala Lumpur; LIM SAY LEONG, Penang; LIM SIEW SIEW, Kuala Lumpur; LIM THEAM HOCK, Penang; LIM THIAN LOONG, London Central; JS LIMB, London South; EW LINDSAY, Edinburgh; BP LINEHAN, Dublin; LING YUH HUAH, Kuala Lumpur; LIU MAN YAU, Hong Kong; MD LLOYD, London Central; JA LOCKHART, London Central; RA LODGE, Manchester; A LOGENDRAN, Sydney; LOKE SHU YAN, Kuala Lumpur; AP LOVELL, Derby; LOW WAI HAR, Kuala Lumpur; LOW WENG HONG, Kuala Lumpur; DJ LOWERY, Manchester; CJ LOWTON, Wakefield; NJ LOXLEY, Sheffield; RC LUCY, Manchester; A LUKE, Southampton; JD LUKER, Derby; RA LUMB, Port Elizabeth; MC LUNN, London West; T LUNT, London East; PF LYNCH, London Central; NJ LYTH, Manchester;

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SS QASIM, Karachi; PS QUARMBY, Winchester; SA QUINN, Preston;

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Renewed squeeze pushes zinc price to 23-month high

By Kenneth Gooding, Mining Correspondent

ZINC'S PRICE touched its highest level for 23 months on *the London Metal Exchange* yesterday but some traders said this was because of a long-running, options-related technical squeeze rather than any sudden pick-up in demand.

There is concern that a small number of zinc producers and one trader, who are reported to control about 1m tonnes of annual refined zinc output – or about 15 to 20 per cent of the western world total – and who previously squeezed the market in June, are behind the looming supply tightness in the final quarter of this year.

The LME board is "closely monitoring" the situation which has once again put its zinc market into backwardation – where there is a price premium for metal for immediate delivery. "The recent *intense price volatility* is clearly damaging for most suppliers and users of zinc because of the uncertainty it generates," said the Economist Intelligence Unit, in its recent World Commodity Forecasts report.

However, Mr Nick Moore, analyst at Ord Minnett, part of the Westpac banking group, said that, apart from the squeeze, zinc's price was being supported by a "cocktail of stimuli". These included: labour contract negotiations in North America this month and next; the fact that zinc consumption had outpaced production in the first six months of this year; a potential strike at Centromin in Peru: and, even though LME zinc stocks were at record levels, producer *stocks had fallen by 10 per cent* since the end of January.

Mr Moore suggested that there would be only a small supply surplus of zinc this year – about 60,000 tonnes compared with 140,000 tonnes last year – and a deficit of 70,000 tonnes in 1993.

Zinc for delivery in three months traded up to $1,395 a tonne on the LME yesterday before closing at $1,394.25, up $23.75. Cash zinc closed $41 up at $1,445 a tonne. Traders said the next target for the three-month zinc price was likely to be the resistance between $1,400 and $1,420 a tonne.

Soviet oil sector 'difficult to break up'

By Leyla Boulton in Moscow

NEWLY-INDEPENDENT former Soviet republics are finding it extremely difficult to pull apart the defunct empire's highly integrated oil industry, according a report due to be published next week.

Mr Yevgeny Khartukov, head of the World Energy Analysis and Forecasting Group, makes this point with 1990-1991 data compiled for each of 15 former Soviet republics after the Soviet Union's collapse in December.

The figures, to be published by East-West Center, a Honolulu-based think-tank funded by the US congress, show that "in spite of the political situation, all parts of the former Soviet industry are still very inter-dependent on each other, and this includes not just the have-not republics".

Russia, which at the peak of integration in 1990 accounted for 90 per cent of Soviet crude oil and gas condensate, cannot refine all it produces. That year and the next Kazakhstan, although it was self-sufficient in crude oil, had to import Siberian crudes to feed two of its three refineries. Belarus, Ukraine, Lithuania and Turkmenistan, four other republics which process oil, accounted for about 16 per cent of refining capacity and had product surpluses. Three others, which process crude oil from other republics, Uzbekistan, Azerbaijan and Georgia could only partly cover their own needs for liquid fuel, while the remaining six republics – Armenia, Estonia, Kirgyzia, Latvia, Moldova and Tajikistan are completely dependent on neighbours with surpluses of refined products.

Mr Khartukov has also updated two scenarios for oil output under attempts to build a market economy, which he describes respectively as slow marketisation and economic shock. He believes the oil industry is moving away from shock therapy to gradual marketisation.

Under the latter scenario, the former Soviet Union would have to begin importing oil to the tune of 200,000 barrels a day in 1994, with supply at 8m b/d and demand at 8.2m b/d. Under the economic shock option, net exports would amount to 1.3m b/d, with supply and demand at 7.8m and 6.5m b/d respectively.

'Crisis of confidence' in land market

By David Blackwell

UK FARM LAND values have fallen by at least 10 per cent since the beginning of the year, according to a survey carried out by Farmland Market magazine and the Royal Institution of Chartered Surveyors.

The survey, published today, suggests there is a crisis of confidence in the market. It cites the recession and the effects of reforms to the European Community's common agricultural policy, as well as the pressure on people who have lost money at Lloyd's of London. "Few whole farms have changed hands and many are proving unsaleable," the survey says.

The market in the south-east of the country has virtually ground to a halt, with prices dropping by up to 30 per cent over the last year. The prices for quality land in Hereford and Worcester are sharply down, and the Cambridgeshire market is suffering from poor soil quality.

However, there is still demand for good quality dairy land in Scotland and the north-west of England, the report suggests.

"Whereas dairy farmers may have the confidence to buy land, arable farmers are holding back. With few really good medium-sized farms on the market, potential vendors are showing the same reluctance to commit themselves," said Mr Martin Lowry of the RICS.

However, Mr James Laing, a partner in Strutt & Parker, the land agents, said it was ridiculous to suggest that the UK land market was in crisis. Owners had taken on board the decline in the market and adjusted prices accordingly. "We have sold a considerable number of farms this summer across the whole country," he said.

A recent report from Drewett Neate, land agents in central southern England, said there was "a naive attitude" that any farm on the market was a result of a forced sale. This was affecting values for properties made available through retirement, death and business changes.

But it suggested demand remained reasonable, "considering the poor market. Where purchases are agreed, with only a few exceptions, negotiations tend to be protracted and difficult."

Curing communism's farming blight

Russia's reforming agriculture minister talks to **Leyla Boulton**

Viktor Khlystun: "There will be no hunger."

RUSSIA'S AGRICULTURE minister, Mr Viktor Khlystun, came to office last November with a mission to reform Russian agriculture. But far too much of his time is still taken up with *day-to-day management of the* moribund farming system build up over seven decades of communist rule.

Although he has no concrete results to show for it, he says market reforms begun in January have already changed people's psychology. "You don't need to chase drunk tractor drivers around any more," he says. "But what is happening now is only the beginning: to talk of the effectiveness of reform so far is premature."

Despite the familiar scramble to "save" the harvest, which according to the minister will improve to about 96m tonnes of grain, he is confident that there will be no hunger in Russia this winter as scare-mongers at home and abroad like to predict.

"We can't sell what is produced. We have 300,000 tonnes of meat in cold store. Consumption per head will fall compared to last winter, but only because of a drop in the population's purchasing power [following price liberalisation in January]" he says.

His very early estimate is that Russia will have to import 17m tonnes of grain in 1992-93 on top of 3m tonnes already committed by the neighbouring former Soviet republic of Kazakhstan.

But this 46-year-old former land-use specialist has made it a very definite priority over the next year to alter the structure of imports to increase the share of protein feed so that less imported and domestic grain is wasted on feeding livestock.

He also wants to encourage domestic farmers to grow more soyabeans and lupins, which are the components of more economical protein feed.

The balance-sheet of what has actually changed in Russian agriculture over the past year remains modest.

The poor storage, processing, transport, and distribution systems, identified by a World Bank report as accounting for the loss of a third of what is produced, are only just beginning to be tackled. Although he makes no attempt to hide the short-comings, Mr Khlystun says in his own defence that "you cannot create a new storage system in eight months".

His task in this instance is complicated by the fact that the government is trying to build up domestic capacity to manufacture storage facilities rather than purchase ready-made storage complexes offered by foreign companies. And as long as privatisation is slow and de-monopolisation is absent, the distribution of food is likely to remain chaotic.

The minister bemoans the fact that proper wholesale markets are still lacking.

As an example of what is going wrong, Mr Khlystun points to the situation in the far north Arkhangelsk region, where meat processing capacity is worked flat out but state trading organisations are not bringing meat into the shops because of a lack of incentive to sell it.

Despite a series of negotiations with foreign companies, foreign investment in new processing and distribution capacity has not materialised, not to mention capital from Russian business sources.

With food processing declared a priority for the government's attempts to institute an industrial policy next year, Mr Khlystun says financial incentives will also be on offer although nothing has materialised yet. Parliament has continued to block legislation allowing the free purchase and sale of land. But, apart from calling for "more explanatory work" to win over recalcitrant deputies under the control of a powerful old state farming lobby, Mr Khlystun says that a presidential decree is being prepared to set up a land bank system that will allow the use of land as collateral.

Although Vice-President Alexander Rutskoi was recently given the task of overseeing agricultural reform, the bulk of the responsibility and the funds for it remain under the control of the agriculture ministry.

Asked to help one of the thousands of private farmers trying to make it in a hostile environment, Mr Khlystun was able to demonstrate that the central government still has some clout in the provinces despite the erosion of the old administrative-command system. Everybody from the district administration boss to the two chiefs of the local farming association and an assistant to the regional governor showed up to sort out the farmer's problems on the day I visited the the farm.

But there are thousands of other farmers who remain at the mercy of local authorities which may or may not enforce central government reforms, and of semi-official organisations who may or may not be honest in transferring state credits for private farming.

Although he once admitted at a news conference to being embarrassed whenever he was driven past poorly-stocked food shops, Mr Khlystun finds some comfort in the long-term view. He believes the reforms will succeed in making Russian farming more efficient and vastly improve food supplies – but it may take ten to 12 years.

Mr Shaikhislamov faces up to his American dream

Barbara Harrison on an exchange visit that is proving something of a culture shock

WHEN MR Artur Shaikhislamov, a Russian poultry unit engineer, arrived in Iowa on a farmer-to-farmer exchange programme in early July, he was stunned by what he saw. American agricultural technology was impressive enough, *but that was not what really* wowed him. He was amazed by the trust between people and their sense of personal responsibility.

"How can people trust each other in this country? How can they make agreements? We can't trust people. It's not their property. It doesn't matter for them how good their work is," says Mr Shaihislamov.

This kind of market economy culture shock is the least tangible but perhaps the most crucial result of a farmer exchange that is being run by the Center for Agricultural and Rural Development at Iowa State University in Ames, Iowa. The programme, in its second year, is at present playing host to ten agricultural practitioners – farmers, agricultural engineers and agri-business executives – from Russia, Ukraine and the Central Asian Republic.

The programme, which also sends Americans to the former Soviet Union, is designed to provide links between Americans in the farming business and citizens of the Commonwealth of Independent States and the Baltic states who are dedicated to agricultural reform and establishing private agribusiness. It has received financial support from *the US Information Agency*, the state of Iowa and the university. It is also receiving assistance from several US farmers' groups, including the National Farmers' Organization.

On the CIS and Baltics side, support has come from various state governments and their agrarian academies, national spin-offs from the old Soviet Lenin All-Union Academy of Agricultural Sciences.

Last year, 25 people from the CIS and the Baltics came to the US and 35 Americans returned the visits. This year, the exchange has risen to 40 from each side. The university intends to continue the programme and foresees useful cross-fertilisation with some of its other activities, such as research exchanges and a new programme to establish agri-business demonstration centres in the CIS.

While it would seem peculiar that Americans would want to assist those who might one day become some of their fiercest competitors in international agricultural trade, the farmers involved in the programme seem to want to play a part, however small, in burying the Cold War and helping those, who while they might compete in some areas of trade, could *also one day be good customers*.

Mr DeVere Noakes, a farmer who offered to host a Soviet farmer, puts it this way: "I firmly believe if we are ever to solve international misunderstandings it will be done at the common person's level. For people everywhere have the same basic desire we do; to have a family, make a living, be safe from harm and live peacefully".

Mr William Meyers of ISU says that while some American farmers object to lending a helping hand abroad many others believe that by cultivating relationships with countries that are developing their agricultural businesses they will able to hatch some eventual commercial ties. They also believe that if they do not foster such links, others, particularly the Europeans, will.

The programme has already born commercial fruit. One joint venture has sprung from the 1991 exchange.

While it may seem inappropriate that CIS and Baltic farmers be exposed to high technology farming (when it is unlikely that they will be able to replicate such methods, at least in the near future), Mr *Meyers* does not think this will be a source of frustration for them when they return.

He emphasises that far more important than technology – about which many are fairly sophisticated, even if they cannot afford to buy it – is learning about farm management decision-making.

While their technical knowledge may be good, seeing how decisions are made about costs, prices and how to come out ahead in earnings is more valuable, says Mr Meyers.

Mr Shaikhislamov, who is the chief engineer at the Sredneuralskaya poultry enterprise near Sverdlovsk in the Russian region of Yekaterinburg, is living his dream. He taught himself English through two years of night study so that he might one day be able to travel to see western agricultural methods.

His hosts are Mr Craig Herrig and his wife Cathy, who with Mr Herrig's brother and sister-in-law run two turkey farms. The four Herrigs produce 350,000 tonnes of meat a year; Mr Shaikhislamov's enterprise produces 750,000 tonnes a year with 500 people. Most of those, admittedly, work in the hatchery, feedmill and a slaughterhouse, but Mr Shaikhislamov says that some 100 people work in the raising segment, which is comparable with the Herrigs' operation.

The Herrigs, who say they volunteered to host a Russian visitor because it would be "fun and educational", are often bewildered by what they are learning of thew inefficiency of Russian poultry production. The American family does not farm as an independent producer but works on contract raising turkeys for a large poultry processor. This type of scheme has given a whole new set of ideas to their guest.

But the older generation is still in charge and minds are resistant to change. Making money is still regarded as a dirty business.

"I can understand what we can do. I just don't understand how we can persuade people," says Mr Shaikhislamov. "American support would mean a lot to make the case." And therein perhaps lies the ultimate value of such an exchange programme.

WORLD COMMODITIES PRICES

MARKET REPORT

Apart from zinc (see above), LME **BASE METAL** prices remained under pressure, losing ground as traders feared consumers would be discouraged by a firmer dollar. The possibility of a rally in the dollar dampening any bargain hunting interest highlighted the continued fragility of demand from end users still concerned about low levels of industrial growth in the major economies, traders said. Comex **COPPER** futures extended losses by midsession, with pressure linked to arbitrage trading with London, analysts said. Losses were limited when the Comex December contract held support above 110.50 cents a lb, which is seen as a major support area. One analyst said sluggish economies around the world presented a bearish demand outlook for copper, particularly through the fourth quarter. London **COCOA** prices regained some of this week's losses, with dealers citing good trade and industry buying. The market had absorbed some heavy fund and commission house selling recently, which looked good for the market, one trader said. But if any news came out saying crops might be alright, "it could collapse like a pack of cards."

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Oct)		+ or -
Dubai	$17.90-18.00	-.125
Brent Blend (dated)	$19.90-95	-0.05
Brent Blend (Oct)	$20.05-10	-0.05
W.T.I (1 pm est)	$21.65-70	-.025

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$219-221	
Gas Oil	$181-182	+1
Heavy Fuel Oil	$84-86	
Naphtha	$196-197	
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$341.40	+2.1
Silver (per troy oz)♣	372.5c	+2
Platinum (per troy oz)	$354.75	-1
Palladium (per troy oz)	$83.1	+1.9
Copper (US Producer)	115.5c	
Lead (US Producer)	40.1c	+0.7
Tin (Kuala Lumpur market)	16.76r	
Tin (New York)	316.50c	+1
Zinc (US Prime Western)	82.0c	
Cattle (live weight)†	110.61p	-1.54*
Sheep (live weight)†♠	72.86p	-0.33*
Pigs (live weight)†	61.61p	-0.79*
London daily sugar (raw)	$250.00w	
London daily sugar (white)	$274.50w	
Tate and Lyle export price	£232.50	
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£148.0	
Wheat (US Dark Northern)	Unq	
Rubber (Oct)♥	49.25p	-0.25
Rubber (Nov)♥	49.25p	-0.25
Rubber (KL RSS No 1 Jul)	218.0m	
Coconut oil (Philippines)§	$502.5t	
Palm Oil (Malaysian)§	$400.0y	+5
Copra (Philippines)§	$325.0	
Soyabeans (US)	£132.6z	+1.5
Cotton "A" index	58.95c	-0.05
Wooltops (64s Super)	368p	[illegible]

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg t-Oct/Nov w-Sep/Oct y-Sep d-Oct. z-Nov. †Meat Commission average fatstock prices. * change from a week ago ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♠Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low	
Oct	201.00	200.00	201.00	
Dec	196.80	197.00	201.00	196.00
Mar	196.00	190.20	196.00	
May	196.00	194.60	196.00	
White	**Close**	**Previous**	**High/Low**	
Oct	258.00	258.00	259.00	256.30
Dec	253.00	252.50	254.50	251.50
Mar	255.50	255.50	256.50	254.00
May	258.50	258.00	258.50	257.00
Aug	263.00	262.80	263.00	261.80
Oct	252.80	254.40	252.80	252.70
Dec	254.60	254.50	254.60	

Turnover: Raw 129 (136) lots of 50 tonnes. White 1848 (1457) Paris- White (FFr per tonne): Oct 1245.19 Dec 1236.98

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low	
Oct	20.10	20.13	20.12	20.04
Nov	20.14	[illegible]	20.16	20.07
Dec	20.15	20.15	20.18	20.08
Jan	20.10	20.08	20.10	20.01
Feb	19.95	19.96	19.95	
Mar	19.85	19.83	19.85	
IPE Index	20.10	20.04	20.10	

Turnover 11317 (22620)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low	
Sep	181.75	182.00	182.00	180.00
Oct	186.50	186.25	186.75	184.75
Nov	189.50	189.00	189.50	187.75
Dec	191.50	191.25	191.75	189.50
Jan	191.50	191.25	191.50	189.75
Feb	188.00	187.75	188.00	187.00
Mar	183.25	184.00	183.75	182.75
Apr	179.75	180.25	179.75	179.50
May	178.50	178.50	178.50	177.75

Turnover 11270 (19086) lots of 100 tonnes

FRUIT & VEGETABLES

Bramley cooking apples at 29-35p a lb (40-50p) are this week's star fruit buy reports the FFVIB. Kiwifruit continues to be good quality at 16-20p each (16-20p) along with seedless grapes at 65-85p a lb (85p-£1.20) and William pears at 35-45p a lb (30-60p). Cauliflower at 35-45p a head (35-50p), carrots at 12-20p a lb (12-20p), potatoes at 10-15p a lb (10-15p) and corn-on-the-cob at 20-30p per cob (20-30p) remain excellent vegetable buys. Cucumbers at 45-60p each (40-50p). Dutch peppers at 75-85p a lb (70p-£1.00) and Spring onions at 30-35p a bunch (30-35p) round up the best salad buys.

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low	
Sep	603	583	603	592
Dec	633	612	[illegible]	618
Mar	662	643	667	646
May	684	661	684	665
Jul	700	677	700	684
Sep	709	696	709	704
Dec	730	720	[illegible]	727

Turnover: 4600 (7082) lots of 10 tonnes
ICCO Indicator prices (SDRs per tonne). Daily price for Sep 2 785.77 (780.20) 10 day average for Sep 3 808.86 (814.93)

COFFEE – London FOX ($/tonne)

	Close	Previous	High/Low	
Sep	765	749	765	758
Nov	795	779	795	775
Jan	804	791	804	786
Mar	810	802	810	801
May	811	800	811	
Jul	825	810	822	

Turnover:4651 (3349) lots of 5 tonnes
ICO Indicator prices (US cents per pound) for Sep 2: Comp. daily 47.34 (46.38) 15 day average 45.61 (45.47)

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low	
Apr	61.5	60.5	61.5	61.0

Turnover 65 (89) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)

	Close	Previous	High/Low
Dec	-	119.00	

Turnover 0 (40) lots of 20 tonnes.

FREIGHT – London FOX ($10/Index point)

	Close	Previous	High/Low	
Sep	1100	1100	1100	1100
Oct	1188	1185	1195	1188
Nov	1185	1176	1195	1180
Apr	1275	1275	1275	1275
BFI	1059	1064	1059	1059

Turnover 96 (141)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High/Low	
Sep	113.50	113.50	113.50	
Nov	115.60	115.75	115.60	115.50
Jan	119.40	119.35	119.40	119.20
Mar	122.45	122.45	122.45	122.30
Barley	**Close**	**Previous**	**High/Low**	
Nov	112.60	112.90	112.60	

Turnover: Wheat 135 (149), Barley 15 (41).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low	
Sep	107.0	107.0	107.0	107.0
Nov	105.5	105.5	105.5	105.5
Jan	100.0	99.5	100.0	100.0
Mar	101.0	101.5	101.0	101.0

Turnover:17 (2) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 27,848 lots
Cash	1281-2	1296.5-7		1290-1		
3 months	1305-6	1320.5-1	1318/1300	1315-6.5	1299-300	174,742 lots
Copper, Grade A (£ per tonne)						Total daily turnover 19,967 lots
Cash	1246-8	1245-6	1247/1247	1246-7		
3 months	1274-5	1272-3	1275/1268	1271-2	1275-6	146,570 lots
Lead (£ per tonne)						Total daily turnover 5,093 lots
Cash	328-30	325-6	328/325.5	328-6.5		
3 months	335-7	333-3.5	336/333.5	333.75-4.00	335-6	29,203 lots
Nickel ($ per tonne)						Total daily turnover 8,204 lots
Cash	7050-5	7145-55	7102/7101	7101-3		
3 months	7125-30	7225-30	7215/7130	7175-8	7150-5	38,782 lots
Tin ($ per tonne)						Total daily turnover 4,010 lots
Cash	6740-50	6855-65	6740/6735	6735-40		
3 months	6780-90	6860-5	6850/6775	6780-85	6780-90	11,884 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 13,845 lots
Cash	1444-6	1403-5	1414/1413	1413.5-4.0		
3 months	1394-4.5	1370-1	1395/1373	1376.5-7.0	1389-90	85,877 lots

LME Closing £/$ rate: SPOT: 1.9825 3 months: [illegible] 6 months: 1.9131 9 months: 1.8828

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	341.20-341.60	
Opening	338.50-338.80	
Morning fix	339.05	169.423
Afternoon fix	338.85	169.510
Day's high	341.30-341.70	
Day's low	338.50-338.90	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	2.72	6 months	2.69
2 months	2.71	12 months	2.75
3 months	2.71		

Silver fix	p/troy oz	US cts equiv
Spot	187.80	372.50
3 months	190.55	374.70
6 months	195.60	378.20
12 months	205.50	385.40

GOLD COINS

	$ price	£ equivalent
Krugerrand	338.00-339.00	169.00-170.00
Maple leaf	351.45-353.70	-
New Sovereign	82.00-84.00	41.00-42.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Oct	Jan	Oct	Jan
1250	[illegible]	66	4	9
1300	16	36	21	26
1350	3	15	58	56
Copper (Grade A)	**Calls**		**Puts**	
2500	26	49	44	65
2550	12	31	79	99
2600	4	18	121	136
Coffee	**Nov**	**Jan**	**Nov**	**Jan**
700	101	114	6	9
750	62	77	17	22
800	34	48	39	43
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
600	50	83	17	21
650	24	52	41	41
700	11	33	78	71
Brent Crude	**Oct**	**Nov**	**Oct**	**Nov**
2000	22		16	26
2050	6	39		
2100				

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Oct	341.7	339.4	343.0	339.3
Dec	343.4	341.1	344.6	340.9
Feb	345.1	342.8	345.7	343.0
Apr	346.8	344.5	347.2	344.3
Jun	348.8	346.3	349.0	346.1

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Oct	358.3	354.0	358.8	353.5
Jan	353.1	350.6	354.0	351.0
Apr	353.1	350.6	352.5	352.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Sep	372.3	369.2	374.0	366.0
Oct	373.0	370.0	0	0
Nov	374.0	371.0	0	0
Dec	375.7	372.7	377.0	371.0
Jan	377.0	374.0	0	0
Mar	379.5	376.5	380.0	375.0
May	382.1	379.1	381.0	379.0
Jul	384.6	381.6	0	0
Sep	387.3	384.3	0	0
Dec	391.6	388.6	389.0	389.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	110.10	111.20	111.00	110.05
Oct	[illegible]	111.85	110.80	110.65
Nov	110.90	112.65	[illegible]	111.10
Dec	111.25	112.45	112.25	111.00
Jan	111.26	112.40	0	0
Feb	111.10	112.25	0	0
Mar	111.00	112.15	111.60	110.60
Apr	110.25	111.40	0	0
May	110.10	111.25	0	0
Jun	109.45	110.60	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Oct	21.57	21.69	21.72	21.59
Nov	21.53	21.53	21.57	21.45
Dec	21.42	21.44	21.47	21.37
Jan	21.32	21.33	21.35	21.27
Feb	21.16	21.22	21.23	21.16
Mar	21.12	21.12	21.12	21.07
Apr	20.96	21.01	21.00	20.95
Jun	20.81	20.80	20.82	20.80
Jul	20.71	20.71	20.71	20.69

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Oct	60.90	60.65	61.05	60.35
Nov	[illegible]	61.70	62.00	61.30
Dec	62.90	62.80	63.05	62.45
Jan	63.30	63.25	63.40	62.95
Feb	62.35	62.25	62.45	62.00
Mar	60.40	60.25	60.45	60.10
Apr	58.45	58.40	58.40	58.40
Jul	56.00	56.00	56.10	56.00

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1048	1034	1054	1047
Dec	1095	1076	1105	1083
Mar	[illegible]	1127	[illegible]	[illegible]
May	1171	1156	1180	1160
Jul	1203	1185	0	0
Sep	1231	1212	0	0
Dec	1266	1246	0	0
Mar	1303	1283	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	53.60	53.90	53.95	52.90
Dec	55.20	55.30	55.85	54.60
Mar	56.90	57.05	57.70	56.60
May	60.50	60.40	61.00	60.30
Jul	62.50	62.70	62.70	62.70
Sep	64.15	64.30	64.70	64.15

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	9.00	9.00	9.06	8.77
Mar	8.80	8.84	8.84	8.67
May	8.81	8.85	8.86	8.71
Jul	8.83	8.86	8.85	8.73
Oct	8.78	8.83	8.79	8.70

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	57.40	58.46	57.48	56.80
Dec	55.47	55.05	55.58	55.20
Mar	56.46	56.05	56.50	56.15
May	57.19	56.85	57.25	56.95
Jul	57.70	57.25	57.80	57.60
Dec	59.06	59.05	59.45	59.10

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	114.90	113.60	117.00	114.50
Nov	112.80	110.50	115.20	111.50
Jan	111.85	109.90	114.75	111.40
Mar	111.85	109.80	114.80	111.50
May	112.60	110.55	115.55	112.00
Jul	112.10	110.05	0	0
Sep	112.10	110.05	0	0
Nov	112.50	110.05	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Sep.3	Sep.2	mnth ago	yr ago
1514.0	1511.2	1546.8	1658.4

DOW JONES (Base: Dec. 31 1974 = 100)

	Sep.2	Sep.1	mnth ago	yr ago
Spot	118.66	117.79	-	117.02
Futures	116.19	115.96	-	122.36

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Sep	555/6	554/6	559/4	553/4
Nov	550/4	548/6	553/0	548/6
Jan	557/4	556/4	560/2	554/4
Mar	565/4	564/0	568/0	562/4
May	572/6	570/6	575/0	569/4
Jul	578/6	576/4	581/6	576/4
Aug	579/0	577/4	581/0	579/0
Sep	573/4	571/0	574/0	573/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Sep	18.46	18.23	18.65	18.26
Oct	18.57	18.32	18.72	18.36
Dec	18.91	18.60	19.01	18.67
Jan	19.06	18.77	19.15	18.85
Mar	19.38	19.07	19.45	19.14
May	18.67	19.35	19.75	19.48
Jul	19.91	19.61	19.96	19.74
Aug	[illegible]	19.72	20.05	19.80

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Sep	174.7	176.8	176.9	174.5
Oct	192.6	193.0	[illegible]	192.0
Dec	191.5	191.8	193.1	191.3
Jan	190.3	191.1	192.3	190.2
Mar	190.3	190.7	191.6	190.2
May	190.3	190.2	191.2	190.0
Jul	191.0	191.0	192.0	191.0
Sep	192.5	191.5	192.6	192.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	225/2	223/4	227/0	223/0
Dec	221/2	221/0	223/2	220/0
Mar	230/0	230/0	232/0	229/0
May	235/6	236/0	237/4	236/0
Jul	240/4	240/6	242/0	239/6
Sep	239/6	240/0	241/0	239/4
Dec	242/6	243/0	243/4	242/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	331/0	334/0	333/0	330/4
Dec	343/4	344/4	344/4	341/6
Mar	349/2	350/2	350/4	347/2
May	343/4	343/0	345/6	341/0
Jul	320/4	320/4	321/2	318/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	74.575	74.600	74.725	74.350
Dec	73.200	73.225	73.350	73.050
Feb	72.000	72.125	72.175	71.925
Apr	72.950	72.975	73.000	72.850
Jun	70.025	[illegible]	70.025	69.900
Aug	68.550	68.475	68.650	68.550
Oct	68.900	68.800	68.900	68.900

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	40.675	41.100	41.300	40.600
Dec	41.675	41.875	42.150	41.575
Feb	40.650	40.750	41.100	40.650
Apr	38.875	38.850	39.150	38.850
Jun	44.475	44.550	44.700	44.475
Jul	44.450	44.500	44.700	44.450
Aug	43.350	43.400	43.500	43.325
Oct	40.475	40.450	40.475	40.400

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	41.175	41.750	42.050	41.050
Mar	41.125	41.625	41.950	40.900
May	42.325	42.800	42.950	42.100
Jul	42.750	42.925	43.200	42.300

Widespread gains follow funding plan

By Terry Byland,
UK Stock Market Editor

A BUOYANT session in UK equities became one of the strongest performances this year after sterling rallied sharply yesterday afternoon on plans for a Ecu10bn currency support funding by the British government.

The unexpected move, announced shortly before the important Maastricht debate on French television, was regarded in the stock market as a sign of a determined campaign by European political leaders to secure support for the Maastricht proposals.

The FT-SE Index closed 68.9 up at 2,381.9 as the UK market joined in the strong advance across European bourses. The gain in the Footsie was the largest daily advance since the last day of 1991, with the exception of the 136.2 point surge which followed re-election of the Conservative government in April this year.

Equities had opened higher behind gains in stock markets in Tokyo and New York. Marketmakers' positions were squeezed as sentiment was also helped by the absence of any rate move at the Bundesbank's policy meeting, and by a flow of more satisfactory trading results from UK companies.

The Footsie was already about 35 points up ahead of the UK funding announcement. Firmness in the dollar encouraged US-orientated stocks and early improvement in sterling had eased interest rate fears.

Account Dealing Dates		
*First Dealings:		
Aug 24	Sep 7	Sep 21
Option Declarations:		
Sep 3	Sep 17	Oct 1
Last Dealings:		
Sep 4	Sep 18	Oct 2
Account Day:		
Sep 14	Sep 28	Oct 12

*New time dealings may take place from 8.30 am two business days earlier.

But the market went wild as the Ecu funding, completely unexpected in London, was seen as an impressive strengthening of sterling's defences.

The leap in share prices following the Treasury announcement reflected hectic activity by marketmaking firms, which were caught very badly short of stock and suffered substantial losses. One brave house managed to operate a trading programme during the excitement. The leading US house with bear positions in the September contract on the Footsie was badly mauled as the contract raced in the direction of 2,400.

Traders and analysts alike were stunned by the Ecu funding proposal and it was some time before the full implications were comprehended. There were the usual complaints from brokers that it had become extremely difficult to deal. Once again, bargain sizes were strictly enforced by marketmaking houses, although there was no sign of any change in normal Seaq screen quotations.

Equity turnover, which had been trundling along at around 300m shares at mid-session, had jumped to 551.3m by the close. Wednesday's 431.6m share Seaq turnover again reflected low retail interest at only £752.6m. Traders believe that retail, or customer, business in equities was restrained yesterday because the institutions were busy digesting the implications of the Ecu funding. But market dealers will be watching carefully for indications of institutional demand for UK shares today.

The final drive to the London market came when Wall Street, after a slow start, showed a gain of 20 Dow points in early trading. UK securities trading firms expect to face a difficult opening to equity dealing this morning. But the funding move was regarded as a welcome move.

FINANCIAL TIMES STOCK INDICES

	Sept 3	Sept 2	Sept 1	Aug 28	Aug 27	Year Ago	1992 High	1992 Low	Since Compilation High	Since Compilation Low
Government Secs	89.06	87.66	87.03	87.04	87.29	86.39	88.75 (3/7)	85.11 (1/4)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	104.17	103.70	102.99	103.19	103.26	95.35	106.35 (6/7)	97.15 (2/1)	106.35 (6/7/92)	50.53 (3/1/75)
Ordinary Share ●	1741.0	1682.8	1670.0	1680.6	1686.6	2096.4	2149.7 (22/5)	1670.0 (1/9)	2149.7 (22/5/92)	49.4 (26/6/40)
Gold Mines	75.8	75.1	77.4	78.4	79.3	156.5	160.6 (10/1)	75.1 (2/9)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2381.9	2313.0	2298.4	2312.6	2311.6	2669.0	2737.8 (11/5)	2281.0 (25/8)	2737.8 (11/5/92)	986.9 (23/7/84)
FT-SE Eurotrack 200	1074.12	1050.07	1046.46	1053.68	1056.13	1198.60	1248.79 (11/5)	1029.56 (25/8)	1248.79 (11/5/92)	938.62 (16/1/91)
●Ord Div. Yield	5.11	5.28	5.33	5.29	5.28	4.53				
●Earning Yld %(full)	7.43	7.67	7.74	7.69	7.68	7.38				
●P/E Ratio(Net)(*)	17.02	16.48	16.33	16.44	16.47	16.91				
SEAQ Bargns 5.00pm	20,844	16,753	15,699	17,194	18,567	30,102				
Equity Turnover(£m)†	-	752.6	589.5	664.7	878.6	791.2				
Equity Bargains†	-	18,578	17,681	19,253	20,646	30,298				
Shares Traded (ml)†	-	162.3	294.4	318.2	392.4	360.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. * Nil 15.83.

Ordinary Share Index, Hourly changes   Day's High 1742.0   Day's Low 1700.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1703.7	1702.5	1705.2	1703.5	1707.4	1712.4	1717.2	1714.1	1740.5

FT-SE 100, Hourly changes   Day's High 2384.3   Day's Low 2332.3

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2334.1	2333.9	2334.4	2333.3	2338.1	2342.9	2348.9	2343.9	2375.9

FT-SE Eurotrack 200, Hourly changes   Day's High 1075.65   Day's Low 1061.04

Open	10.30 am	11 am	12 pm	1 pm	2 pm	3 pm
1061.35	1061.35	1061.97	1064.06	1066.20	1068.77	1067.22

GILT EDGED ACTIVITY

Indices*	Sept 2	Sept 1
Gilt Edged Bargains	79.7	90.7
5 – Day average	101.7	105.5

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

Insurance result pleases

A COMPOSITE insurance sector already reflecting some recovery in investor confidence was boosted by interim figures above expectations and an encouraging statement from Sun Alliance.

Analysts reworked full-year estimates for the group and are now likely to predict much lower losses than in their earlier forecasts, which ranged from deficits of £115m to £165m. The half-year loss of £97.9m, against last time's £114m deficit, surprised many specialists. The shares, which dropped to 214p earlier this year, surged ahead on the figures to close 31 higher at 253p after heavy turnover of 7.2m.

Mr Youssef Ziai, insurance analyst at Morgan Stanley, the US investment bank, described Sun Alliance as "the pick of the composite insurance sector" and added: "Improvements in operating results will negate the impact of mortgage indemnity losses by 1994." He expects a loss for the year of £140m, compared with last year's £468m loss.

Rolls-Royce weak

Disappointing interim results put the skids under Rolls-Royce shares yesterday, sending them into retreat against a strong market as brokers weighed in with heavy downgradings of estimates for the full-year figures.

The aero-engine and turbines group reported half-time profits of £20m, at the bottom of City forecasts, with a weak dollar cited as an important factor in the figures.

At the day's worst the stock was down 9 at 123p. However, the strong market trend later helped to lift the shares off the bottom and they ended 4 off at 128p, with turnover reaching an impressive 11m.

Long-term bear Mr Mustapha Omar at Williams de Broe was sufficiently dismayed by the interim figures to trim his already low full-year estimate by a further £8m to £80m, a figure now pencilled in by many other analysts.

Reckitt volatile

Healthcare and household products group Reckitt & Colman saw volatile trading on the back of its announcement of first-half results.

Interim profits of £134.2m, up from £127.6m, were in line with expectations and the shares showed a gain of 17 at best. However, analysts returned from their meeting with Reckitt feeling very depressed about prospects for the company and shaved forecasts to between £255m and £265m for the current year and £270 to £290m for 1993. The stock reversed its gain to show a net fall of 7, but then recovered with the general surge to close 4 up on the day at 533p.

Ladbroke activity

Strong two-way business in Ladbroke saw volume rise to 14m shares, the highest this year, after the company reported interim profits of £103.2m – up from £98.2m and in line with market forecasts – as well as an increased dividend. The stock closed 3 up at 151p.

Analysts at Smith New Court, which is positive on the stock, said: "With a 10 per cent yield, Ladbroke is paying the investor to back it as a recession recovery play."

An increased payout from Burmah Castrol was welcomed and the shares rose sharply well before the rest of the market, and by the close were 26 higher at 571p.

Mr Nick Clayton, oil analyst at Smith New Court, said the shares "deserve at least a market multiple at this stage of the cycle and are still a buy". Mr Keith Morris, at Carr Kitcat & Aitken, labelled the stock a "strong buy" and said the results "underline the quality of Burmah's businesses in the teeth of the recession".

The rise in the dollar helped the oil majors, BP adding 5½ at 201p and Shell 10 at 469p. Enterprise Oil, however, slipped 4 more to 320p on fears of further institutional selling.

Sun Alliance's interim results and the statement from its chief executive of an improving trend in all its sectors instilled some confidence into other insurance stocks.

Commercial Union, the biggest UK composite in terms of market capitalisation, jumped 16 to 471p. Legal & General, badly affected by mortgage indemnity losses, took heart from the Sun Alliance news and advanced 15 to 306p.

Insurance brokers, reliant on dollar earnings, were given a substantial fillip by the sharp rally in the dollar, C.E. Heath rising 12 to 238p and Willis Corroon 4 to 159p.

A resurgence of confidence and recovery in the dollar helped the pharmaceutical sector, which has strong exposure to dollar earnings. Stocks were also boosted by individual factors. Glaxo moved ahead 28 to 748p following solid gains in the US overnight.

The shares had traded actively in New York on short-covering ahead of a US Food and Drug Administration meeting yesterday to discuss increased use of the company's anti-nausea treatment Zofran, which accounts for about 25 per cent of Glaxo's income.

Wellcome bounced 29 to 832p as worries over the US holding faded. A belief that US investors held 10 per cent of the group's shares was hit by a Bank of New York announcement that 7 per cent was held in the form of American Depositary Receipts. But agency broker James Capel was telling clients yesterday that this figure ignored a further 2 to 3 per cent held as UK shares.

SmithKline Beecham put on 22 at 469p after US group Genelabs Technologies said it and SmithKline had formed a collaboration for the development and sale of a hepatitis vaccine.

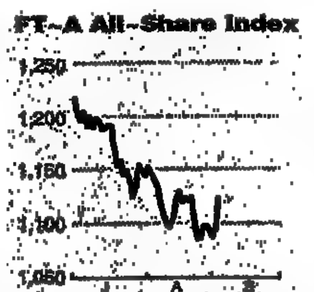
With the threat of a rise in domestic interest rates now seen as significantly reduced for the short term at least, many housebuilders were chased higher. Wilson Bowden rose 20 to 246p after announcing marginally higher than expected interim profits. George Wimpey, however, remained under pressure, closing 4 lower at 79p, as dealers fretted about a possible cut in the dividend.

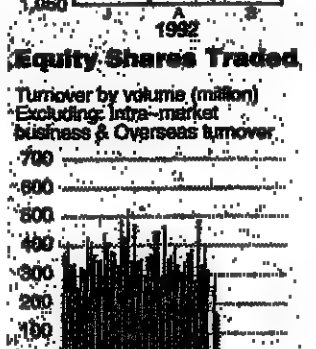
Franco-British paper group Arjo Wiggins Appleton was one of the few Footsie companies to lose ground. The shares dipped 6 to 206p as an investor sold stock through Arjo's broker, UBS Phillips & Drew. Turnover was heavy at 6.9m shares, with a block of 2.5m placed at 197p just before the close of trading.

There was also said to be switching from Arjo into Bowater, which announced a healthy rise in interim profits the previous day. Bowater added 15 at 754p.

MARKET REPORTERS:
Steve Thompson,
Joel Kibazo,
Peter John.

■ Other market statistics, Page 22





NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (15).
BRITISH FUNDS (6) Treas. 8¼pc 1993, Treas. 9pc 2012 A, Consols 2½pc, Treas. 2½pc, Treas. 3pc, OTHER FIXED INTEREST (1) LCC 3pc 1920 Aft., BANKS (1) Dai Ichi, BUSINESS SERVICES (1) Pearce, ELECTRICITY (1) Scottish Hydro-Electric, INVESTMENT TRUSTS (1) EFM Japan Warrants, MEDIA (2) TVS Entertainment, Ulster TV, OTHER FINANCIAL (1) Sterling Tst., PACKAGING, PAPER & PRINTING (1) Berli, TRANSPORT (1) P & O 5½pc Pfd.
NEW LOWS (115).
BANKS (2) Royal Bank of Scot, Westpac, BREWERS & DISTILLERS (4) Greene King, Macdonald Martin A, Merrydown Wine, Wiltshire, BUILDING MATERIALS (4) Br. Fittings, Erith, Heywood Williams Cv. Pf., Meyer, BUSINESS SERVICES (2) Carpenter Servs, Page (M), CHEMICALS (1) Mcmedison, CONGLOMERATES (4) Bibby, Brierley Inds., MB Caradon, Do. 7¼p Pf., CONTRACTING & CONSTRUCTION (8) Bailey (B), Bryant, Countryside Props., Melville, Tilbury Douglas, Ward, Westbury, Wimpey, ELECTRICALS (2) Kenwood Appls. Scholes, ELECTRONICS (5) Intl Control Servs, Kewill Systs, Logica, Process Systs, Vtech, ENGINEERING AEROSPACE (2) ML, Rolls-Royce, ENGINEERING GENERAL (5) EIS, Fife Indmar, Jones & Shipman, Record, Ransomes, FOOD MANUFACTURING (6) Benson Crisps, Northern, Ptarmigan, Sima, Unigate, Utd. Biscuits, HEALTH & HOUSEHOLD (3) Nestor-BNA, Reckitt & Colman, INSURANCE BROKERS (2) Lloyd Thompson, Oriel, INVESTMENT TRUSTS (12) Amicable Smlr, City of Oxford Zero [illegible]

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	3	398	-8	Comm Union	1,530	471	+16	Lonrho	599	89	+3	Shell Transport	3,400	470	+10
ASDA Group	33,000	24½	+½	Cookson	2,800	134	+12	Lucas	2,100	89	+7	Siebe	1,700	569	+8
Abbey National	6,500	277	+7	Courtaulds	937	438	+20	MB Caradon	4,900	218	+10	Slough Ests	170	104	+3
Albert Fisher	7,000	32	+1	Dalgety	547	305	+17	MEPC	387	338	+11	Smith (W H) A	1,400	414	+7
Allied-Lyons	1,200	572	+18	De La Rue	170	454	+6	Manweb	1,500	396	-3	Smith & Nephew	2,300	136	+5½
Amstrad	1,300	21½	+½	Dixons	1,500	200	+11	Marks & Spencer	3,000	311	+12	SmKl Beecham	1,000	469	+22
Anglian Water	856	434	+1	Eastern Elect	546	253	-3	Midlands Elect	969	305	-7	SmKl Beecham Uts	903	416	+18
Argos	391	238	+11	East Midland Elect	662	294		NFC	657	224	+7	Smiths Inds	79	283	+5
Argyll Group	1,200	339	+3	Eng China Clays	1,200	493	+22	NatWest Bank	2,500	317	+12	Southern Elect	1,500	304	-1
Arjo Wiggins	6,800	206	-6	Enterprise Oil	901	320	-4	National Power	3,300	250	+3	South Wales Elect	585	383	+3
Ass. Brit Foods	69	397	+6	Eurotunnel Units	59	385	+5	Next	271	62	-1	South West Water	213	415	-4
[illegible]				[illegible]				[illegible]				[illegible]			
Brit. Aerospace	1,900	225	+8	[illegible]	849	247	+8	Rolls Royce	11,000	128	-4	Utd Newspapers	200	377	+11
British Airways	3,000	282	+15	ICI	1,600	1106	+35	Rothmans	280	917	+29	Vodafone	3,300	302	+10
British Gas	8,300	239	+1½	Inchcape	309	415	+22	Ryl Bk Scotland	2,200	146	+3	Warburg (SG)	190	478	+15
British Land	120	[illegible]	+6	Kingfisher	3,000	440	+14	Royal Insurance	3,900	184	+4	Wellcome	2,300	832	+29
British Steel	7,700	51½	+1½	Kwik Save	398	629	-5	Saatchi	92	135		Welsh Water	140	454	+3
Bunzl	418	[illegible]		Ladbroke	14,000	151	+3	Sainsbury	2,900	482	+13	Wessex Water	176	[illegible]	-1
Burmah Castrol	939	571	+26	Land Securities	1,200	375	+16	Scottish & New	1,400	387	+18	Whitbread 'A'	1,000	398	+11
Burton	5,400	31	+½	[illegible]	983	449	+1	Scot. Hydro-Elect	2,000	207	+1	Williams Hldgs	4,000	247	+17
Cable & Wire	1,600	591	+20	Legal & General	2,700	306	+15	Scottish Power	6,100	149	+1½	Willis Corroon	546	159	+4
Cadbury Schweppes	1,500	429	+8	Lloyds Abbey	622	380	+8	Sears	4,100	69	+3	Wimpey	900	79	-4
Calor Group	67	173	-1	Lloyds Bank	1,500	416	+7	Sedgwick	[illegible]	119	+6	Wolseley	19	323	+7
Carlton Comms	779	580	+12	LASMO	1,400	139	-1	Seeboard	686	302	+2	Yorkshire Elect	1,900	[illegible]	-2
Coats Viyella	2,900	173	+9	London Elect	640	285	-1	Severn Trent Water	3,500	419	-1	[illegible]	481	461	-5

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

THE ANNOUNCEMENT of a support operation for sterling led to a squeeze in the derivatives markets, making for one of the best market performances since April, writes Joel Kibazo.

In futures, having opened at 2,346 the September contract on the FT-SE traded in a tight range of 2,341 to 2,355 for most of the morning session with little in the way of features though dealers reported sporadic buying.

The announcement of a Ecu10bn currency support operation led to a squeeze in September, which also played its part in pulling the underlying cash market higher. At the session's best, the contract was trading at around 30 points above its estimated fair value to cash of about 6.

Profit-taking just before the official close, however, saw the contract surrender some of the earlier gains. September closed at 2,411, a gain of 83 on its previous close and around 27 points above its estimated fair value premium to cash, with turnover reaching 10,282 contracts.

Traded options were also active. Total turnover rose to 41,665 from Wednesday's 27,621 lots, with the FT-SE 100 option trading 12,439 contracts. Asda Group was the busiest stock option at 2,079.

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thu Sep 3 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Wed Sep 2 Index No.	Tue Sep 1 Index No.	Fri Aug 28 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (175)	698.55	+2.4	8.45	6.41	15.16	21.54	682.12	681.32	687.80	874.81
2	Building Materials (23)	686.77	+3.7	7.91	8.06	17.14	27.19	661.99	674.03	695.13	1124.54
3	Contracting, Construction (27)	522.05	+2.7	6.52	11.43	34.04	25.52	508.39	521.02	548.15	1180.79
4	Electricals (9)	2044.56	+0.9	8.09	7.35	15.94	73.60	2026.47	2043.21	2042.18	2497.10
5	Electronics (27)	1942.58	+1.3	8.31	4.44	15.00	46.26	1918.04	1921.71	1907.67	1820.27
6	Engineering-Aerospace (6)	300.61	+0.3	12.12	8.67	10.44	11.27	299.78	296.67	295.14	407.53
7	Engineering-General (43)	425.35	+2.4	9.70	5.67	13.10	12.65	415.26	414.10	415.58	499.52
8	Metals and Metal Forming (7)	272.25	+2.3	6.38	8.09	22.78	7.30	266.21	263.26	263.57	458.58
9	Motors (14)	287.55	+3.7	9.34	8.20	14.09	12.80	277.43	274.42	279.54	366.99
10	Other Industrial Materials (19)	1541.92	+2.7	8.05	5.37	14.95	38.28	1501.97	1485.55	1497.55	1663.18
21	CONSUMER GROUP (191)	1502.56	+2.8	8.07	3.82	15.23	28.02	1461.85	1453.86	1463.21	1585.67
22	Brewers and Distillers (25)	1901.72	+3.4	8.74	3.85	13.80	37.45	1839.30	1827.22	1825.24	1949.98
25	Food Manufacturing (19)	1094.09	+1.0	9.87	4.83	12.54	26.54	1083.63	1084.45	1094.53	1236.69
26	Food Retailing (18)	2652.81	+1.8	9.22	3.44	14.12	47.40	2605.11	2605.86	2612.43	2746.97
27	Health and Household (25)	3863.21	+3.7	7.15	2.76	15.96	42.46	3727.07	3692.80	3766.89	3758.25
29	Hotels and Leisure (18)	985.45	+2.8	8.15	6.95	15.94	38.02	959.03	952.75	957.73	1385.28
30	Media (26)	1438.76	+2.5	7.03	3.66	17.70	29.64	1404.33	1391.82	1399.93	1520.09
31	Packaging, Paper & Printing (17)	712.07	+0.3	7.53	4.65	16.31	16.15	709.95	704.30	705.90	780.58
34	Stores (34)	967.54	+3.3	7.36	3.87	18.10	17.01	936.65	934.14	929.24	1030.49
35	Textiles (9)	581.37	+3.1	7.91	5.33	15.97	15.02	564.05	555.57	556.41	627.72
40	OTHER GROUPS (117)	1205.65	+2.8	10.35	5.63	12.10	37.04	1173.34	1166.81	1179.81	1298.59
41	Business Services (17)	1238.63	+4.4	6.90	4.19	17.70	21.45	1186.63	1160.34	1189.83	1432.82
42	Chemicals (22)	1291.25	+2.8	7.60	5.63	16.32	45.85	1255.66	1243.05	1254.81	1492.91
43	Conglomerates (10)	1140.61	+4.8	10.03	9.64	12.78	37.23	1087.92	1089.23	1111.63	1515.32
44	Transport (14)	2273.68	+3.6	8.81	5.19	13.97	55.92	2194.63	2138.63	2138.51	2359.44
45	Electricity (16)	1333.01	+0.4	15.60	5.50	8.26	44.58	1327.93	1336.04	1348.25	1246.12
46	Telephone Networks (4)	1417.41	+3.3	10.67	4.66	12.22	46.15	1372.26	1364.68	1372.29	1565.79
47	Water (11)	2883.29	-0.1	15.54	6.00	7.12	86.85	2885.73	2870.93	2910.77	2528.54
48	Miscellaneous (23)	1916.84	+3.0	6.93	5.27	18.10	54.03	1861.34	1865.56	1899.58	1931.28
49	INDUSTRIAL GROUP (483)	1205.92	+2.7	8.88	4.85	14.03	29.75	1174.09	1168.49	1178.42	1321.00
51	Oil & Gas (17)	1837.63	+1.7	7.43	6.94	17.61	69.56	1807.62	1813.28	1817.95	2479.74
59	500 SHARE INDEX (500)	1266.66	+2.6	8.74	5.06	14.32	32.95	1234.51	1229.61	1239.31	1420.58
61	FINANCIAL GROUP (83)	670.28	+3.1	-	6.54	-	26.05	650.16	645.75	644.62	844.11
62	Banks (9)	919.66	+2.8	6.97	5.99	20.68	36.70	894.25	885.54	878.26	987.40
65	Insurance (Life) (6)	1353.67	+3.2	-	6.59	-	45.47	1311.87	1310.93	1322.34	1616.70
66	Insurance (Composite) (7)	460.97	+5.8	-	6.52	-	15.81	435.52	431.27	430.75	677.38
67	Insurance (Brokers) (10)	574.09	+2.2	12.37	9.55	10.61	39.26	561.93	563.61	571.28	1132.23
68	Merchant Banks (7)	404.37	+1.9	-	5.34	-	12.37	396.85	395.49	395.41	449.63
69	Property (30)	509.24	+2.4	11.86	8.74	11.23	21.34	497.16	496.83	504.27	950.93
70	Other Financial (14)	217.53	+0.8	9.18	7.96	14.30	6.63	215.81	215.89	216.19	266.91
71	Investment Trusts (70)	1057.25	+2.2	-	4.25	-	24.24	1034.63	1036.96	1037.26	1260.00
99	ALL-SHARE INDEX (653)	1123.51	+2.7	-	5.23	-	30.86	1094.45	1089.89	1096.99	1280.53

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Sep 2	Sep 1	Aug 28	Aug 27	Aug 26	Year ago
FT-SE 100 SHARE INDEX♦	2381.9	+68.9	2384.3	2332.3	2313.0	2298.4	2312.6	2311.6	2285.0	2663.3

FIXED INTEREST

	PRICE INDICES	Thu Sep 3	Day's change %	Wed Sep 2	Accrued Interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (22)	121.45	+0.48	120.87	2.13	8.49
2	5-15 years (25)	136.50	+1.29	134.77	1.84	9.59
3	Over 15 years (8)	149.44	+1.86	146.71	2.27	8.14
4	Irredeemables (6)	169.84	+2.82	165.18	2.32	8.83
5	All stocks (61)	134.50	+1.11	133.01	2.01	9.22
	Index-Linked					
6	Up to 5 years (2)	169.52	+0.12	169.31	0.17	3.25
7	Over 5 years (10)	146.57	+0.91	145.25	0.75	3.33
8	All stocks (12)	148.57	+0.79	147.40	0.67	3.29
9	Debs & Loans (62)	119.54	+1.79	117.44	2.14	8.26

	AVERAGE GROSS REDEMPTION YIELDS		Thu Sep 3	Wed Sep 2	Year ago (approx.)
	British Government				
1	Low	5 years	8.82	9.04	8.69
2	Coupons	15 years	8.83	9.05	9.56
3	(0%-7¾%)	20 years	8.83	9.05	9.56
4	Medium	5 years	9.53	9.74	9.79
5	Coupons	15 years	9.09	9.31	9.72
6	(8%-10¾%)	20 years	8.99	9.21	9.70
7	High	5 years	9.78	9.98	9.97
8	Coupons	15 years	9.32	9.55	9.83
9	(11%-)	20 years	9.17	9.41	9.76
10	Irredeemables	†	9.00	9.26	9.77
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.62	4.65	3.76
12	Inflation rate 5%	Over 5 yrs	4.64	4.70	4.23
13	Inflation rate 10%	Up to 5 yrs.	3.87	3.89	2.82
14	Inflation rate 10%	Over 5 yrs.	4.46	4.52	4.04
15	Debs &	5 years	10.83	11.04	11.52
16	Loans	15 years	10.45	10.70	11.29
17		25 years	10.32	10.53	11.11

♦Opening index 2334.1; 9 am 2333.9; 10 am 2334.4; 11 am 2333.3; Noon 2338.1; 1 pm 2342.9; 2 pm 2348.9; 2.30 pm 2348.8; 3 pm 2343.9; 4.10 pm 2384.3; (a) 4.10pm (b) 8.52am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 3rd Floor, Number One, Southwark Bridge, London SE1 9HL.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
[illegible]							
Five to Fifteen Years							
[illegible]							

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
[illegible]							
Over Fifteen Years							
[illegible]							
Undated							
[illegible]							

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1992 High	1992 low	Yield (1)	Yield (2)
Index – Linked							
[illegible]							

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1992 high	1992 low	Yield Int.	Yield Red.
[illegible]							

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1992 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs h	15 7/16xd	-1/16	18 7/8	14 5/8	13,263	2.0
♥Allegheny & W	309p	+10	338p	226p	160.6	5.1
Amdahl	718p	+25	1158p	642p	786.5	0.7
Amer Cyanamid	29 1/2	—	37	28 5/8	2,696	2.9
Amer Express	10 11/16xd	+3/16	13 7/8	10 1/4	3,135	4.9
Amer T & T	21 1/8xd	+1/4	24 7/8	20 1/4	28,426	3.2
Ameritech	34 7/8	+1/8	36 13/16	32 1/2	15,269	5.3
BankAmerica	22xd	+1/8	27 1/8	19 3/16	7,637	3.1
Bankers NY	30 5/8xd	+1/16	37 1/4	29 7/8	2,538	4.3
Bell Atlantic	24 1/2	+1/8	26 1/4	23 1/8	10,647	5.6
BellSouth	26 7/8	+1/8	29 1/8	25	13,138	5.4
♥Bethlehem Steel	6 1/16xd	+1/8	9 5/8	5 3/4	537.4	—
Bowater	997pxd	+32	1579p	905p	348.7	6.5
CPC h	26 1/8xd	+1/8	28 1/4	22 5/8	3,805	2.5
♥Cadiz Land Inc	128p	—	342p	138p	—	—
Campbell Soup	18 7/8xd	+1/4	23 3/16	17 3/8	4,738	2.2
Chase Manhattan	11 3/16xd	+1/16	16 1/2	[illegible]	1,625	5.4
Chrysler	10 5/16xd	+1/4	11 1/2	6 1/4	2,942	3.1
Citicorp	8 1/2xd	—	11 1/4	5 5/8	[illegible]	—
Colgate-Palm	28 1/4xd	+1/2	29 3/16	25 1/4	4,495	2.3
Cont'l Bank	842p	+7	1036p	499p	858.9	3.7
Dana	18 1/4xd	-3/16	24 1/2	14 3/4	836.7	4.5
Data General	482p	+10	1084p	384p	110.9	—
Dun & Brad	28 3/4	+1/2	[illegible]	27 5/8	5,129	4.2
Eaton	37 7/8	+1 3/8	46 1/2	32 1/2	1,382	3.0
Echlin	9 3/16xd	+3/16	11	7 1/4	525.3	3.9
FPL	18xd	+3/16	20	17 13/16	3,211	7.1
Fluor	20 1/8	—	27	19 1/4	1,632	1.0
Ford Motor	20 3/16xd	+1/16	26 1/8	15	9,801	2.6
Gen Elect	37 3/16xd	+3/16	46 1/4	36 1/4	32,242	3.3
♥General Host	492p	+12	555p	360p	—	3.8
Gillette	28 7/8xd	—	29 7/8	23 13/16	6,334	1.3
Hasbro	15 1/2	+1/8	16 1/2	12 1/8	1,335	0.7
Honeywell	32 5/8xd	-1/8	43	31	2,378	2.8
Houston Inds	22 1/8	+1/16	25	22 1/16	2,806	7.1
IBM	43 3/4xd	+1/16	54 1/2	42 3/4	24,989	5.8
Ingersoll-Rand	13 5/8	+1/4	19 1/2	12 11/16	1,387	2.7
Lockheed	23 7/8	+1/8	26 7/8	22 1/8	1,463	4.6
Lowe's h	896p	+13	1273p	815 1/2p	654.8	1.6
Merrill Lynch	25 1/8xd	+3/16	39 13/16	24 7/8	2,585	3.5
Morgan (JP)	29 3/4	+1/8	37 1/2	28 3/16	5,663	3.8
Morris (Philip)	42 1/8xd	+7/8	45 7/8	37 13/16	38,748	2.1
NYNEX	42 1/4	+1/2	44 5/8	39 5/8	8,642	6.7
Pall	13 1/4	+1/8	17 13/16	10 3/16	1,162	1.4
Pennzoil	25 1/2xd	-1/4	30 3/4	23 1/8	1,072	5.9
Quaker Oats	30 1/4xd	+1/2	40 3/16	[illegible]	[illegible]	3.0
Rockwell	12 7/8xd	+1/16	15 13/16	11 1/2	2,868	3.7
Rep NY	28 7/8xd	—	28 3/16	20 7/8	1,665	2.5
Sears, Roebuck	21 1/4xd	+1/8	28	19 1/4	7,329	4.9
Sthwestern Bell	33 7/8	+1/8	35 7/8	31 5/8	10,167	4.5
Sun Co	12 3/16xd	+1/2	16 7/8	12 1/8	1,333	7.7
Tenneco	19 1/4xd	-1/16	25 3/16	16 1/2	2,399	4.4
Texaco	32 1/4xd	+1/8	36 5/8	30 13/16	8,467	5.1
Time Warner	53xd	+1 3/16	62 1/4	46 1/2	4,912	1.0
♥Unilab	397p	—	687p	[illegible]	313.0	—
♦URS Intl. 1c	0 3/4p	—	1 1/4p	0 1/4p	2.57	—
US West	[illegible]	+1/4	21 13/16	18 3/4	[illegible]	6.7
Varity	974p	+16	1058p	632p	[illegible]	—
Waste Manage	16 3/16xd	+1/8	25	16 3/16	8,207	1.7
Whirlpool	1840pxd	+58	2709p	1758p	1,297	3.1
♥Woolworth	16	+1/8	18 1/4	13 3/4	2,088	3.7

CANADIANS

Notes	Price £	+ or -	1992 high	low	Mkt Cap £m	Yld Gr's
♥Abbot Energy	1 1/4p	—	2p	1 3/4p	—	—
Amer Barrick	1554p	+7	1642p	1208p	2,100	0.3
Bk Montreal	19 5/8	+1/8	23 1/4	19 1/4	2,387	4.6
Bk Nova Scot	1017p	+27	1178p	889p	2,072	4.3
♥BC Gas	848p	+13	870p	[illegible]	—	3.9
BCE	18	+1/8	24 1/2	18 7/8	4,495	6.6
♥Brascan	766p	+10	987p	704p	620.6	5.6
♥Breakwater	10p	-1	33p	6p	12.1	22.2
Can Imp Bk	1260p	+23	1616p	1157p	2,348	4.4
Can Pacific	713p	+15	838p	694p	2,272	1.9
4pc Deb	35 1/2	—	38	34	17.1	11.0
♥Derlan	221p	—	355p	221p	—	8.3
♥Echo Bay	310p	—	498p	300p	336.6	1.2
♥ECO	11 1/2p	-1/2	42p	11p	—	—
♥Gulf Can	231pxd	+2	480p	207p	388.4	—
♥Hawker Sid	10 1/4	-1/8	12 5/8	10 3/8	83.0	4.5
♥Hudson's Bay	1168p	+37	1097p	1118p	347.4	2.9
♥Imperial Oil	18 1/4xd	+1/8	21 1/2	18 7/8	3,020	3.2
Inco	13 1/2xd	+3/8	19 1/4	13 1/8	1,488	3.7
♥Intl Corona	305p	—	388p	305p	804.1	1.4
♥Muscocho	2p	—	4 1/4p	1p	—	—
♥N A Tire Recycling	38p	-8	65p	34 1/2p	1.37	—
Nova Corp Alberta	365pxd	+1	425p	312p	1,666	2.3
♥Rio Algom	738p	+16	918p	676p	322.1	4.8
Royal Bk Can	1032p	-6	1418p	1018p	3,217	4.7
♥TVX Gold	130 1/2p	-1/2	184p	122p	21.2	—
Toronto-Dom	807p	+20	944p	743p	2,489	4.4
♥Trans Can Pipe	770p	+4	866p	766p	1,322	4.2

BANKS

Notes	Price	+ or -	1992 high	low	Mkt Cap £m	Yld Gr's	P/E
ABN Amro Fl	£13 3/4xd	+1/4	£14 7/8	£12 7/8	3,088	6.7	8.2
ANZ A$ g	119	—	167 1/2	112	1,388	8.3	10.5
Abbey National †	277	+7	317	249	3,681	5.1	9.6
Allied Irish IE	161	+1	185	154	1,051	6.5	10.6
Anglo Irish IE ig	35	—	38	32	42.1	12.1	4.6
Banco Bil Viz Pts	£12 1/4	—	£15 1/4	£12 1/4	2,945	6.4	5.8
Banco Sant Pts	£22 1/2	+1/8	£30 1/4	£19	2,483	6.9	6.4
Bk Ireland IE	168	—	188	141	883.5	7.3	28.0
Bank Leumi (UK)	328	—	348	320	24.6	6.8	—
Bank Scotland	106	+6	124	97	1,342	6.4	16.6

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

HOTELS & LEISURE - Cont.

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

INVESTMENT COMPANIES

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

GUIDE TO LONDON SHARE SERVICE

[illegible]

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128

AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible] (▽) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (◆) - 1401 to 1700 hours; (♦) - 1701 to midnight. [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

[illegible]

§§ Life Assurance and Unit Trust Regulatory Organisation. [illegible]

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FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth 0202 298422						
Cash	1	50.77	50.77	51.27	+0.01	10.08
Convrtd Prfrence	5¼	47.06	47.40	50.55	+0.25	9.2
Ediycal	5¼	39.79	40.69xd	43.28	+0.38	6.0
European Growth	5¼	44.76	44.99	47.98	-0.09	4.7
Income	5¼	40.19	40.67	43.38	+0.57	8.5
Intl Growth	5½	58.73	59.10	63.03	+0.24	3.9
Managed	5¼	51.15	51.80	55.25	+0.42	5.1
UK Growth	5½	41.60	42.26	45.07	+0.69	6.7
Standard Chartered Equitor (1200)F						
69 Old Broad Street, EC2M 1QS 071-280 6521						
Mngd Exempt Acc	3	175.6	177.6	184.9	+2.2	3.42
Do Income	3	163.1	164.9	171.7	+2	3.42
Standard Life Tst Mgmt Ltd (0730)H						
3 George St, Edinburgh EH2 2XZ 0800 393777						
Managed Acc	5¼	32.60	32.60	34.64	+0.1	2.56
UK Equity Gth Acc	5¼	43.82	44.73	47.53	+0.4	2.28
UK Eq High Inc Inc	5¼	25.35	25.94	27.57	+0.1	5.99
UK Eq High Inc Acc	5¼	29.05	29.73	31.59	+0.1	5.99
UK Equity Gen Acc	5¼	42.62	43.36	46.08	+0.2	3.63
UK Equity Gen Inc	5¼	32.99	33.57	35.67	+0.2	3.63
UK Larger Cos Acc F	7¼	281.7	285.5	309.8	+1.3	5.04
UK Larger Cos Inc F	7¼	223.3	226.3	245.6	+1.0	5.04
Gilt & Fxd Int Inc	5¼	28.22	28.30	29.93	+0.3	7.45
O'seas Larg Cos Acc F	7½	180.7	183.7	199.4	-1.3	1.88
Nth American Acc	5¼	30.78	30.90	32.84	+0.3	1.01
Far East Acc F	5¼	33.26	33.26	35.34	-0.6	0.17
European Acc	5¼	31.26	32.46	34.49	-0.1	1.67
Stewart Ivory Unit Tst Mngrs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
Australian	5	241.6	241.6	257.2	+1.6	0.93
(Accum Units)	5	284.4	284.4	302.7	+1.9	0.93
British	5	709.0	726.0xd	768.1	+5.9	7.01
(Accum Units)	5	1223.0	1252.4xd	1325.4	+10.2	7.01
European	5	318.3	318.3	339.0	+0.5	1.43
(Accum Units)	5	345.0	345.0	367.5	+0.6	1.43

	Bid Price	Offer Price	+ or -	Yield Gross
Robert Fleming Asset Mngmt Ltd				
Am Exempt	£429.71	436.22	+1.57	1.38
Gen Exempt	£113.25	115.47	-0.05	4.18
Jap Exempt	£325.58	331.72	-6.33	1.28
Pacific Exempt	£99.05	101.30	-0.60	2.07
Conti Euro Exempt	£92.88	94.65	-0.12	2.70
Indexed Exempt Sep 3	£114.98	117.84	-0.22	5.11
Amer Indxd Exmt Sep 3	£96.15	97.115	-0.19	2.93
Japan Indxd Exmt Sep 3	£45.26	46.17	+2.66	0.98
Euro Indxd Exmt Sep 3	£86.74	88.49	-0.78	3.46
O'seas Indxd Exmt Sep 3	£85.24	87.09	-1.20	2.40
Foreign & Colonial Unit Management Ltd				
Balanced Acc Sep 1	139.1	145.0	+1.2	4.47
Balanced Inc Sep 1	139.1	145.0	+1.2	4.47
Funds In Court*				
Capital Aug 27	446.08	449.45		3.90
Gross Aug 27	163.91	165.23		12.71
High Yield Aug 27	259.44	261.51xd		9.43
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	48.88	49.86	+0.63	4.01
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd P'Folio	1021.0	1101.0		–
Mngd Pens (Acc)	62.0	66.1		–
Lazard Brothers & Co. Ltd				
Property Sep 3	£2125.0	2350.0	-100.00	7.00
Inc Gilt Pro Apr 22	£1375.0	1500.0		8.90
Lazard Investors Ltd ‡‡				
Exempt Funds				
Small Co's Sep 2	£3857.0	3723.9		3.96
European Sep 2	£549.2	554.9		2.06
American Sep 2	£307.1	309.7		1.93

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128

Pearl Assurance (Unit Funds) Ltd
Lynch Wood, Peterborough PE2 6FY 0733 470470

	Bid Price	Offer Price	+ or −	Yield Gross
Property Dist. (Gross)	134 9	142 0		−
Property Acc. (Gross)	257 1	270 6		−
Equity (Gross)	793 7	835 5	+11.8	−
Managed (Gross)	568 7	598 7	+5 7	−
Property Acc. (Net)	122 9	129 4		−
Equity (Net)	185 7	195 5	+2.5	−
Adventurous Managed	85 8	90.3	-0.6	−
Managed (Net)	175 9	185.2	+1 6	−
Cautious Managed	94 8	99.7	[illegible]	−
International (Net)	152 9	161 0	+2 9	−
Gilt & Fixed Interest	139 6	[illegible]	+1.1	−
Money Fund	141 5	148 9		−
Mixed Fund (Cap)	[illegible]	114.3		−
Mixed Fund (Acc)	113 2	119.2		−
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	[illegible]	649.5	+9.2	−
Ret Man (Series 2)	209 2	220 3	+3.1	−
Ret Cash	200 4	210.9		−
Pens Mixed Fd (Cap)	[illegible]	125 5		−
Pens Mixed Fd (Acc)	[illegible]	131.0		−
Pens Stlg Fd (Cap)	[illegible]	110.2		−
Pens Stlg Fd (Acc)	109 2	[illegible]		−

Premium Life Assurance Co Ltd
37–39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or −	Yield Gross
American	119 0	126.0	+3 0	−
[illegible]	225 0	237.0		−
Balanced	243.0	256 0	+1.0	−
European	200.0	211 0	+3 0	−
GT Managed	170 0	179.0	+1.0	−
Gartmore Magd	112 0	118 0	+1 0	−
German	123 0	130 0	+1.0	−
Gilt	[illegible]	172.0		−
Global	34 0	36 0		−
International Equity	177 0	187 0	+3 0	−
Japan	[illegible]	151.0	+3 0	−
Leisure	47 0	50 0		−
Managed	38 0	40 0		−
Property	287 0	303 0		−
UK Equity	[illegible]	228 0	+1.0	−
Pension Funds				
American	232 0	245 0	+8 0	−
Building Soc. Fd	242.0	255 0		−
Balanced	205 0	[illegible]	+1.0	−
European	221 0	233 0	+2.0	−
German	123 0	130 0	+1.0	−
Gilt	158 0	167 0	+1 0	−
Global	33 0	35 0		−

Prudential Corporate Pension Funds
1 Stephen St, London W1P 2AP 071-548 3281

	Bid Price	Offer Price	+ or −	Yield Gross
Prudential Managed Funds				
Discretionary Sep 2	£171 16	176 60	+1 18	−
Equity Sep 2	£193 58	200.21	+0.38	−
International Sep 2	£24 63	25.32	+0 77	−
Intl Bond Sep 2	£13 89	14.07	+0 04	−
Fixed Int Sep 2	£103.83	105.01	−0 68	−
Index Linked Sep 2	£73.20	74 13	−0 90	−
Property Sep 2	£110.37	116 43	+0.05	−
Cash Sep 2	£31.3240	31.3240	+0 0565	−
Pre-Funded Retirement Plan				
Managed Sep 1	409 5	426 6		−
Cash Sep 1	287 7	299 7		−
Prudential Pension Investment Account				
Pens Mixed Sep 3	[illegible]	176.5		−
Pens UK Eq Sep 3	284 7	306 9		−
Pens Intl Sep 3	179 2	192 1		−
Pens Global Eqty Sep 3	87 1	91 7		−
Pens Fixed Sep 3	238.6	251.8		−
Pens Index Lk Sep 3	187 7	198.2		−
Pens Property Sep 3	90.1	94.9		−
Pens Cash Sep 3	187.5	197.6		−
Money Purchase Plan				
Discretionary Sep 3	91.9	98.5	+0.2	−
Equity Sep 3	94 6	101 7	+0 4	−
International Sep 3	78 8	84 2		−
Global Equity Sep 3	89 6	96.2	+0.2	−
Intl Bond Sep 3	94 9	99 9	+0.7	−
Fixed Interest Sep 3	130 5	116.2	+0.4	−
Index Linked Sep 3	[illegible]	104.6		−
Property Sep 3	[illegible]	109.3	+0 1	−
Cash Sep 3	106.9	112 5		−

Prudential Individual Life Funds
1 Stephen St, London W1P 2AP 071-548 3287

	Bid Price	Offer Price	+ or −	Yield Gross
Series I Life Funds				
Managed	544.5	573 2	+4 9	−
Equity	[illegible]	[illegible]	+9.2	−
Fixed Interest	486.0	511 6	+4.3	−
Property	389.5	410 1		−
Cash	349 0	367.4	+0 1	−
International	363 8	383.0	+6.2	−
Series II Life Funds				
Managed	526.4	554.2	+4 7	−
Equity	1062.9	1118.9	[illegible]	−
International	351 9	370.5	+6 0	−
Fixed Intl	467 0	491 6	+4.1	−
Property	374 4	394 2		−
Cash	335.9	353 6	+0 1	−
Pacific Basin	[illegible]	184 0	+3.6	−

OFFSHORE INSURANCES

MANAGEMENT SERVICES

GUERNSEY (REGULATED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

ISLE OF MAN (SIB RECOGNISED)

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gartmore Fund Managers (IoM)						
PO Box 32, Douglas, IoM 0624 627610						
Intl Grth	5½	450.0	450.0	483.3	+7.4	0.9
Leopold Joseph Fund Mngrs (IoM) Ltd						
PO Box 52 Athol St Douglas IoM 0624 661020						
LJ International	5½	83 99	83.99	89 85	+8.68	-
Mercury Fund Managers IoM Ltd						
11 Hill Street, Douglas IoM 0624 662255						
Merc IoM Fund	5	95 38	95 38	101.8	+1 20	6.5
Merc Intl Bond	5	50 10	50 10	52 60	+0 22	8.3
Sun Life Management (IoM) Ltd						
PO Box 178, Douglas, IoM 0624 622444						
Secure High Income	b	£1.0181	1.0181	1.0915		8.25
Unibank Scandinavian Fund Ltd						
19-21, Circular Rd, Douglas, IoM 0624 629420						
Scandinavia Fd	9		118.00	125 72		1.8

ISLE OF MAN (REGULATED)(**)

	Bid Price	Offer Price	+ or -	Yield Gross
ATC Fund Management (SG) Ltd				
SG International	$10.71		-0 01	-
AXA Equity & Law Intl Fund Mgs				
European Equity	141.98	149.43	-1.41	-
Far Eastern Equity	[illegible]	[illegible]	-0.0204	-
North Amer Equity	$1 6729	1 7607	+0.0001	-
UK Equity	145.14	152 75	-0 13	-
Global Equity	100.54	105 81	-0 80	-
UK Gilt & Fxd Int	98 90	104.09	+0.53	-
Dollar Deposit	$0.9805			-
Sterling Deposit	£100.91		+0 02	-
Managed Currency	89 04	93 71	-0.37	-
Appleton Financial Advisors Ltd				
Appleton Capital Trust	99 0	101.0		-
CMI Fund Mngrs (IOM)				
Traders Fund Ltd	£16 96	18 33		-

*Dealings Wednesday

	Bid Price	Offer Price	+ or -	Yield Gross
City Financial Admin (IoM) Ltd				
Jackson Quest & Warrants	0.61	0.70	-0.03	0.00
Jackson Quest & Warrants $	$1.21	1.38		0.00
Jackson Reserve Assets	103	103		2.62
Duncan Lawrie Inv. Mgt. Ltd				
DL Sterling	112.6	118.3		5.6

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Equitilink International Mngt Ltd						
First Aust. Prime Inc Inv Co Ltd NAV Aug 27 C$12.26xd						
First Aust Prime Inc Inv Co Ltd NAV Aug 27 US$10.27xd						
NAV Diluted to reflect exercise of all Wrts C$12.10xd US$10.13xd						
Fidelity Investment (CI) Ltd						
Sterling American			12.491	2 622	+0 012	-
Fleming Group						
Robert Fleming Management (Jersey) Ltd						
Continentale Inv Co Inc			$-			-
Deutschland Inv Co NAV			DM16.93			-
Foreign & Colonial Mngmt (Jersey) Ltd						
Hypo Foreign & Colonial Reserve Asset Fd Ltd						
US$ Cash			$10 82			-
Sterling Cash			£12.23		+0 02	-
US$ Bonds			$15 48		+0 04	-
Multicurrency Bonds			$21.29		+0 09	-
Sterling Bonds			£13 22		+0 07	-
D Mark Bonds			DM10 69		+0 01	-
Ecu Bonds			Ecu11.26		+0 05	-
UK Equities			£9 48		+0.07	-
US Equities			$16 57		+0 06	-
Japanese Equities			Y598		+0.02	-
Cont'l Euro Equities			DM14 99		+0 10	-
UK Negative Equities			£14.13		-0.10	-
US Negative Eq			$10 03		-0.03	-
Japanese Negative Eq			Y-			-
Cont Eur Negative Eq			DM-			-
UK Geared Equities			£-			-
US Geared Equities			$-			-
Japanese Geared Eq			Y1025		+0.05	-
Cont'l Euro Geared Eq			DM-			-
Gold			$9 64		-0.05	-
John Govett Management (Jersey) Ltd						
Meiga's Em Co NAV Sep 1			$9.91			-
Trans Sonic Fd NAV Aug 28			$7.88			-
Paragon Fd NAV Aug 28			$10 89			-
Paragon Redemption			$10 25			-
Hungarian Inv Co Jul 31			104 55			-
INVESCO MIM International Limited						
All Funds deal daily except where indicated.						
Sterling Denominated Income Funds						
American Equity Inc			£1.379	1.480	+0 009	3.30
Japan Inc & Grwth			£1.131	1.213	+0 005	2 60
Sterling Denominated Growth Funds						
Capital Deposit			£37 05	37 06		-
European Perform			£0.3637	0.3911	+0 0053	-
Far East			£1.927	2.072	+0.031	-

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or -	Yield Gross
Japanese Warrants	$2.25	2.39	-0.13	-
Asian Warrants	$9.71	10 29	+0 18	-
European Warrants	$4 84	5 13	-0.07	-
Managed	HK$11.17	11.92	+0.06	-
Private Capital Tst	$20.33		+0.04	-
China Fund	$10 00			-
Wellington Fd Mngrs (Bermuda) Ltd				
Intl Growth Fd	$13.39	14 07		-
Wells Fargo U.S. IT Fund				
Wells Fargo A Shs (z)	$11.52		+0.03	-
Wells Fargo B Shs (z)	$11.52		+0 01	-
Worldwide Limited				
NAV Jul 31	$92 60			-
Xiphias International Investment Fd Ltd				
Xiphias Int USD	$1 0799			-
Xiphias Int ECU	Ecu1.0031			-
Yamaichi Capital Mngmt (Guernsey) Ltd				
Thai Inv Fund	$10 73		+0.08	-

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. b Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). z Offered price includes all expenses except agent's commission. y Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.
(**) Funds not SIB recognised. The regulatory authorities for these funds are Guernsey: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Commercial Relations Department; Luxembourg: Institut Monétaire Luxembourgeois.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Pound rises on DM borrowing

STERLING received a strong boost in the European exchange rate mechanism yesterday after the UK government announced plans to borrow 10bn ECU in foreign currencies and sell them for sterling on the currency markets, *writes James Blitz.*

Announcing that they would borrow half of the sum in D-Marks and sell them for pounds in the next few days, the UK government pushed the currency above the DM2.80 for the first time since the dollar fell through its all-time low two weeks ago.

The announcement had a strong impact across the foreign exchanges, pushing the US dollar up against the D-Mark and sharply depressing the Italian lira. In London, sterling closed 1¼ pfennigs up against the German currency at DM2.8000, while the dollar closed nearly 2 pfennigs higher at DM1.4115. The Italian lira closed in London on its ERM floor against the German currency, at L765.40.

Dealers said that the ECU loan committed the government to hold the pound at its current parity of DM2.95. It will boost the UK's foreign exchange reserves by $13bn, strengthening the Bank of England's ability to support the pound in the run-up to the Maastricht referendum.

If the UK government supports an EMS realignment, this will also entail a substantial loss on the loan because D-Marks will have been purchased at the current rate. "Norman Lamont is putting his money where his mouth is," said Mr Jeremy Hawkins, chief economist at Bank of America in London.

Underlying this was a feeling that the government had pulled off a surprise coup. One analyst called it a "double whammy": while the conversion of D-Marks into sterling should hold the pound above its ERM floor, the gilt market will come under less pressure because of the government's large borrowing requirement.

Mr John Shepherd, an economist at S.G. Warburg securities in London, said the balance of the government's strategy on the pound had changed. "Until now, they have had the option of either devaluing or raising interest rates," he said. "They are now saying that their response to a "No" in the Maastricht referendum will be to raise rates." Mr Neil MacKinnon, chief economist at Yamaichi International, believed that the move has bought the government time. "All it does is put the government in a position of borrowing money to spend its way out of the problem," he said.

The UK's move highlighted the plight of the Italian authorities, who have no scope to borrow foreign currency in the same way. Before the UK announcement, the lira was supported by intervention from both the Italian and Belgian central banks. In US trading, it was trading well outside its ERM bands at a low of L766.50.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Sep 3	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	131.738	-1.42	5.75	23
Belgian Franc	42.4032	41.8037	-1.41	5.74	43
D-Mark	2.05586	2.02702	-1.40	5.73	56
Dutch Guilder	2.31643	2.28505	-1.35	5.68	41
Portuguese Escudo	178.735	177.698	-0.58	4.86	6
Irish Punt	0.767417	0.767338	-0.01	4.26	-23
French Franc	6.89509	6.90509	0.15	4.10	-37
Danish Krone	7.84195	7.85544	0.17	4.07	-32
Italian Lira	1538.24	1550.76	0.81	3.41	-66
Sterling	0.696904	0.726580	4.25	0.00	-43

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

£ IN NEW YORK

Sep 3	Latest	Previous Close
£ Spot	1.9825-1.9835	2.0000-2.0010
1 month	1.08-1.06pm	1.13-1.11pm
3 months	3.38-3.25pm	3.42-3.39pm
12 months	12.2-12.1pm	12.8-12.7pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Sep 3	Previous
8.30 am	92.2	92.2
9.00 am	92.2	92.2
10.00 am	92.2	92.2
11.00 am	92.2	92.2
Noon	92.3	92.2
1.00 pm	92.2	92.1
2.00 pm	92.2	92.2
3.00 pm	92.3	92.2
4.00 pm	92.2	92.2

POUND SPOT - FORWARD AGAINST THE POUND

Sep 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9820 - 2.0025	1.9835 - 1.9845	1.08-1.06cpm	6.47	3.30-3.27pm	6.62
Canada	2.3750 - 2.3965	2.3755 - 2.3765	1.07-1.03cpm	5.30	3.40-3.33pm	5.66
Netherlands	3.1400 - 3.1625	3.1525 - 3.1625	¼-par cpm	0.24	½-¼pm	0.48
Belgium	57.45 - 57.90	57.80 - 57.90	2-3cdis	-0.52	10-5pm	0.52
Denmark	10.7900 - 10.8700	10.8525 - 10.8625	¼-1¾oredis	-1.17	1¼-3½dis	-0.90
Ireland	1.0465 - 1.0605	1.0585 - 1.0595	0.07-0.04cpm	0.62	0.12-0.05pm	0.32
Germany	2.7875 - 2.8050	2.7975 - 2.8025	¼-par pfpm	0.27	½-¼pm	0.54
Portugal	244.25 - 246.00	245.00 - 246.00	105-140cdis	-5.99	260-320dis	-4.73
Spain	181.00 - 182.10	181.70 - 182.00	48-56cdis	-3.43	145-158dis	-3.33
Italy	2132.75 - 2146.25	2142.25 - 2143.25	13-15liredis	-7.84	31-34dis	-6.07
Norway	11.0275 - 11.1075	11.0800 - 11.0900	2-2½oredis	-2.50	5¼-6¼dis	-2.07
France	9.4975 - 9.5400	9.5225 - 9.5325	¼-¾cdis	-0.31	¼-⅝dis	-0.10

FINANCIAL FUTURES AND OPTIONS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
104	-	-	-	0.70	0.90	-
105	1.86	2.37	-	1.04	1.39	-
106	1.36	1.87	-	1.54	1.71	-
107	0.93	1.40	-	-	2.08	-
108	0.58	1.04	-	2.73	-	-
Open Int.	274,166	50,220	-	153,050	39,520	-

Estimated volume 73,228 † Total Open Interest 516,948
† All Yield & Open interest figures are for the previous day.

	Close	High	Low	Prev.
Sep	2411.0	2419.0	2341.0	2327.0
Dec	2456.0	2466.0	2387.0	2371.5
Mar	2491.5			2407.0

Estimated volume 19761 (11032)
Previous day's open int. 48809 (48813)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth	3-mth	6-mth.	12-mth
1.9840	1.9733	1.9512	1.9205	1.8625

BASE LENDING RATES

	%		%		%
Adam & Company	10	Credit Lyonnais	10	McDonnell Douglas Bnk	10
Allied Trust Bank	10	Cyprus Popular Bk	10	Midland Bank	10
AIB Bank	10	Dao Heng Bank Plc	11	Mount Banking	10
● Henry Ansbacher	10	Duncan Lawrie	10	NatWestminster	10
B & C Merchant Bank	10.5	Equatorial Bank plc	10	Northern Bank Ltd	10
Bank of Baroda	10	Exeter Bank Limited	10.5	Nykredit Mortgage Bank	10.5
Banco Bilbao Vizcaya	10	Financial & Gen. Bank	10	Provincial Bank PLC	14
Bank of Cyprus	10	● Robert Fleming & Co.	10	● Rea Brothers	10
Bank of Ireland	10	Robert Fraser & Ptnrs.	10.5	Roxburghe Bank Ltd.	11
Bank of India	10	Girobank	10	Royal Bk of Scotland	10
Bank of Scotland	10	● Guinness Mahon	10	● Smith & Williamson Secs.	10
Banque Belge Ltd	10	Habib Bank AG Zurich	10	Standard Chartered	10
Barclays Bank	10	● Hambros Bank	10	TSB	10
Brit Bk of Mid East	10	Hampshire Trust Plc	13.5	Unibank plc	10
● Brown Shipley	10	Heritable & Gen Inv Bnk.	10	● United Bk of Kuwait	10
CL Bank Nederland	10	● Hill Samuel	10	Unity Trust Bank Plc	10
Citibank NA	10	C. Hoare & Co.	10	Western Trust	10
City Merchants Bank	10	Hongkong & Shanghai	10	Whiteaway Laidlaw	10
Clydesdale Bank	10	Julian Hodge Bank	10	Yorkshire Bank	10
Co-operative Bank	10	● Leopold Joseph & Sons	10		
Coutts & Co	10	Lloyds Bank	10		
		Meghraj Bank Ltd	10		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Big rally in futures

STERLING futures rallied sharply yesterday afternoon after the Bank of England announced that it would borrow 10bn ECU to buy sterling on the foreign exchanges.

After a week in which both cash and futures have priced in a rise in UK base rates, dealers were totally surprised by yesterday's announcement. Many regarded it as an ingenious means by which to support sterling against the D-Mark.

According to one trader, the borrowing of at least DM5bn will immediately strengthen the UK's foreign currency reserves, which were sharply depleted following last month's heavy intervention. Others noted that the borrowing would heavily support the UK gilt market and the government's borrowing requirement, by reducing the pressure to hold gilt auctions.

The announcement was followed by a dramatic rally in sterling futures. The September short sterling contract rose by 28 basis points in the afternoon to close at 89.74. There was much heavier trading in the December contract, however, which rose 30 basis points from its opening level to close at 89.70.

Three-month money immediately fell by ¼ per cent on the offered side to 10¾ per cent. The rates for everything from 5 months out to 1 year fell by $\frac{1}{16}$ per cent, to close at 10$\frac{7}{16}$ per cent on the offered side.

All these moves restored prices to where they had been before the dollar dropped through its historic low against the D-Mark two weeks ago. However, one clearing bank dealer said that the Treasury's move will only be deemed successful if major investment funds buy sterling on the back of it. "If they move funds into sterling, rates could go down even more," he said. "If not, the effects will quickly be forgotten next week."

The Bank of England forecast a small shortage of £450m at the start of its money market operation, although it took most of the day to be removed. A commercial bank dealer said that the shortage was in the discount market, while the clearers were probably square or even long, following £1.205bn of exchequer transactions yesterday.

The Bank purchased £1m of Band 1 Treasury Bills at 9¾ per cent and £114m of Band 1 bank bills at 9¾ per cent. Late assistance was £105m.

UK clearing bank base lending rate 10 per cent from May 5, 1992

FT LONDON INTERBANK FIXING

(11.00 a.m. Sep 3) 3 months US dollars		6 months US Dollars	
bid 3¼	offer 3½	bid 3$\frac{5}{16}$	offer 3$\frac{7}{16}$

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6	One month	3.06	Three year	4.59
Broker loan rate	9¼	Two month	3.25	Five year	5.53
Fed funds	3$\frac{3}{16}$	Three month	3.22	Seven year	6.07
Fed funds at intervention	-	Six month	3.32	10-year	6.56
		One year	3.43	30-year	7.38
		Two year	4.12		

Sep 3	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.40-9.70	9.75-9.85	9.75-9.85	9.80-9.90	9.80-9.90	9.75
Paris	9½-10⅛	10$\frac{1}{16}$-10$\frac{3}{16}$	10$\frac{1}{16}$-10$\frac{3}{16}$	10$\frac{1}{16}$-10$\frac{3}{16}$	10½-10⅝	9.60
Zurich	7¼-7½	7¼-8	-	7¾-8	-	-
Amsterdam	9.75-9.88	9.78-9.83	-	9.75-9.00	-	-
Tokyo	4$\frac{1}{16}$-4$\frac{3}{16}$	4$\frac{1}{16}$-4$\frac{3}{16}$	-	3¾-3$\frac{13}{16}$	-	-
Milan	15¼-15¾	18½-18$\frac{13}{16}$	-	16¾-17¼	-	-
Brussels	9¾-10	9¾-10	-	9¾-10	-	-
Dublin	10-10¼	10½-10⅝	10¼-10⅞	10¼-10⅞	10⅞-11	-

LONDON MONEY RATES

Sep 3	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10½	10	10⅛	10⅛	10⅝	10⅝
Interbank Bid	9⅝	9¾	10	10⅛	10½	10½
Sterling CDs	-	-	10	10⅛	10$\frac{7}{16}$	10$\frac{7}{16}$
Local Authority Deps	9¾	9¾	9$\frac{15}{16}$	10½	10⅝	10⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	9⅞	9⅞	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	10	10⅛	10⅝	10⅝
Treasury Bills (Buy)	-	-	9$\frac{13}{16}$	9$\frac{13}{16}$	9¾	-
Bank Bills (Buy)	-	-	9$\frac{13}{16}$	9$\frac{13}{16}$	9¾	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.24	3.24	3.33	3.44
SDR Linked Dep. Offer	-	-	6$\frac{1}{16}$	6$\frac{1}{16}$	6¼	6⅝
SDR Linked Dep. Bid	-	-	5$\frac{15}{16}$	6$\frac{1}{16}$	6⅛	6$\frac{5}{16}$
ECU Linked Dep. Offer	-	-	11⅞	11$\frac{7}{16}$	11$\frac{7}{16}$	11$\frac{7}{16}$
ECU Linked Dep. Bid	-	-	11$\frac{5}{16}$	11$\frac{5}{16}$	11$\frac{5}{16}$	11$\frac{5}{16}$

Treasury Bills (sell), one-month 9$\frac{13}{16}$ per cent; three months 9$\frac{13}{16}$ per cent; six months 9¾ per cent; Bank Bills (sell): one-month 9¾ per cent; three months 9$\frac{13}{16}$ per cent; Treasury Bills, Average tender rate of discount - . ECGD Fixed Rate Sterling Export Finance. Make up day August 28, 1992 . Agreed rates for period Sep. 23, 1992 to October 25 , 1992, Scheme I: 11.38 p.c. Schemes II & III: 11.66 p.c. Reference rate for period August 1, 1992 to August 28 , 1992, Scheme IV&V 10.379 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ from September 1 , 1992. Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6). Deposit £100,000 and over held under one month 6½ per cent; one-three months 9 per cent; three-six months 9 per cent, six-nine months 8½ per cent; nine-twelve months 8½ per cent. Under £100,000 7 per cent from May 6, 1992 . Deposits withdrawn for cash 5 per cent.

MONEY MARKET FUNDS

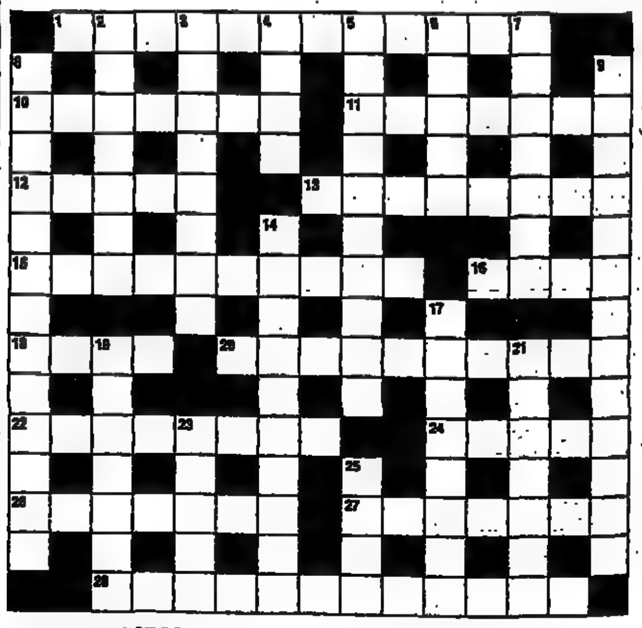
Money Market Trust Funds

Money Market Bank Accounts

NOTES — Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Crd: Frequency at which interest is credited to the account.

CROSSWORD

No.7,942 Set by GRIFFIN



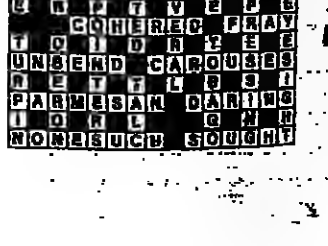
ACROSS

1 Eccentric June was riled by film star .... (5,7)
10 .... for following this would be unexpected (7)
11 Dress firm must change direction (7)
12 Faithful divorcee wants to play (5)
13 Suspect I'm last rider in front of David (8)
15 An outgoing Indian, for example, backing intelligence of native (10)
16 Invites fool to embrace Kay soundly (4)
18 Stops scraps (4)
20 Cycle accessories make rotten bulge on board (10)
22 Move cables to find obstruction (8)
24 I'd returned holding stolen loincloth (5)
26 Difficulty carrying hot bar round plant (7)
27 Craftsman with skill, as in plastic (7)
28 One's husband wants water bed taken round hospital rooms (5,7)

DOWN

2 He'd run a broadcast having no listeners! (7)
3 I leave after I'm favourite to get skin disease .... (8)
4 .... I had contracted since out of condition (4)
5 After church avoid fathers going round with dogs! (10)
6 Support needed by artists renewing lease .... (5)
7 ... so I turn up after boss reaches artists' workshops (7)
8 Where everyone tried to be young? (8,5)
9 Spy sees it's not suitable for magistrate's court (5,8)
14 Sure to be involved in libel case for Cornish banker (10)
17 Sell Tate forgery causing feud (8)
19 Raised grooves in an attempt to cause trouble (7)
21 Use a cane without getting excited (7)
23 Port in Iraq? A bad clue! (5)
25 Pass for a labourer (4)

Solution to Puzzle No.7,941



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WORLD STOCK MARKETS

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Fleet Fin	6,436,500	28	+ ⅛
Limited	3,477,100	23¾	+ 1¼
RJR Nabisco	2,699,000	8⅝	+ ⅛
Merck	2,321,600	47⅛	- ½
Diagnostek	2,212,000	17	+ ½
ADV Micro	2,048,000	11¼	+ 1
Gen Motors	1,931,100	34¼	- ⅛
Glaxo	1,921,200	29	+ 1
Philip Morris	1,868,900	84¼	+ 1⅛
Compaq Comp	1,854,900	33⅞	+ 1⅛

TRADING ACTIVITY

† Volume (Millions)	Sep 2	Sep 1	Aug 31
New York SE	187.010	172.650	160.230
Amex	10.372	10.508	11.225
NASDAQ	170.336	156.869	133.532
NYSE			
Issues Traded	2,319	2,315	2,324
Rises	1,097	949	862
Falls	623	741	865
Unchanged	599	625	597
New Highs	63	54	58
New Lows	16	22	17

	Aug 28	Aug 21	Aug 14	year ago (approx.)
Dow Industrial Div. Yield	3.16	3.17	3.11	3.01

	Aug 26	Aug 19	Aug 12	year ago (approx.)
S & P Industrial div. yield	2.64	2.62	2.62	2.65
S & P Indl. P/E ratio	27.18	29.06	29.00	21.71

CANADA TORONTO

	Sep 2	Sep 1	Aug 31	Aug 28	1992 HIGH	1992 LOW
Metals & Minerals	2971.86	2924.51	2949.71	2973.06	3238.87 (16/1)	2828.26 (8/4)
Composite	3436.71	3407.63	3402.92	3403.00	3666.00 (16/1)	3318.10 (8/4)
MONTREAL Portfolio	1792.15	1773.19	1776.13	1783.00	1937.59 (16/1)	1727.04 (8/4)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ▲ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

**Saturday August 29: Taiwan Weighted Price (c), Korea Comp Ex. [illegible] a Subject to official recalculation.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX [illegible] and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and [illegible] Closed (u) Unavailable.

TOKYO - Most Active Stocks

Thuraday, September 3, 1992

	Stocks Traded	Closing Prices	Change on day
Isuzu Motor	4.0m	390	+20
Green Cross	1.1m	1,770	+30
Meiji Milk	1.1m	1,180	+20
Ricoh	1.1m	707	+60
Meiji Seika	1.0m	790	+40
Nomura Sec	0.3m	1,840	+120
Nippon Zeon	0.8m	735	+45
Jpn Mtl & Chem	0.8m	772	-27
Kyowa Hakko	0.8m	1,050	+10
Indl Bank Japan	0.5m	2,770	+230

3 pm September 3

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15⅞	11⅞	AAR Corp	0.48	3.9	19	1028	12⅜	12⅛	12⅜	
25	18	A L Labs A	0.18	0.8	61	287	22⅞	21⅛	22⅞	+¾
69¼	52⅞	AMP Inc	1.52	2.7	22	2781	56¼	55½	56¼	+1⅛
80¼	55	AMR				215836	59⅞	58⅛	58½	-1⅛
2⅞	1⅞	ARX			18	5	1⅝	1⅝	1⅝	
53½	35⅞	ASA	2.00	5.4	24	137	37	36¼	36⅞	+½
34¼	26⅛	Abbott Lab	0.60	2.0	22	8097	31¼	30⅝	30⅞	-⅜
13⅞	11⅞	Abitibi Pr	0.50	4.1	6	6	12¼	12⅛	12⅛	-⅛
11⅝	10⅛	ACM Gvt In	0.96	8.5		140	11⅜	11¼	11¼	-⅛
10⅜	9⅛	ACM GvOpp	0.80	8.1		16	9⅞	9¾	9⅞	
9½	8½	ACM Gvt Sp x	0.89	9.5		138	u9½	9⅜	9⅜	
11⅛	10⅛	ACM Gvt Sc x	1.08	9.8		188	11⅛	11	11	
10⅜	8⅞	ACM Man	1.08	10.6		247	u10⅜	10¼	10¼	-⅛
12⅞	10½	ACM Managd	0.98	9.1		116	10⅞	10¾	10⅞	
11⅛	4⅛	Acme Cleve	0.40	5.9	13	31	6⅞	6¾	6¾	
6⅛	4⅜	Acme Elect			37	5	4⅞	4⅞	4⅞	+⅛
33⅛	17⅛	Acuson			11	1264	17⅝	17¼	17⅜	-⅛
19½	16⅛	Adams Expr	0.48	2.5	0	60	u19½	19⅛	19⅜	+⅛
40⅛	29½	Ad Micro x	3.00	7.8		327	39	38⅜	38½	+⅛
21½	7½	Ad Micro P	3.00	26.1	4	0001	11⅞	11½	11½	+⅛
9⅛	4⅞	Advest Grp	0.16	2.8	71	463	5⅞	5⅝	5¾	+½
39½	33	Aegon ADR x	1.65	4.2	7	81	u39⅞	39⅜	39⅜	+⅛
47	38¼	Aetna Lf	2.76	7.1	10	1361	39¼	38⅛	38⅛	-½
12⅞	8⅞	Affil A	0.24	2.1	13	361	11⅞	11¼	11½	+⅜
34	24	Aflac	0.44	1.4	15	340	32⅞	32⅛	32⅞	+⅛
19⅞	15⅛	Ahmanson	0.88	5.8		63404	15⅞	d14⅞	15⅛	-⅛
22½	5⅝	Aileen Inc			10	87	6½	6¼	6¼	-⅛
49½	38½	Air Pr Chm	0.88	1.9	16	1436	44⅝	43⅞	44⅜	+⅝
29⅞	12½	Airborne Frt	0.30	2.0	28	595	15⅛	14⅝	14¾	-⅛

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1992 High	1992 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Chng
45⅞	38½	Xtra Corp	0.80	1.8	13	289	43⅞	42⅞	43⅝	+1⅛
25⅜	25⅛	Yankee Egy x	1.66	6.6	13	55	u25⅞	25½	25⅝	-⅛
1½	½	Zapata			25	53	1	1	1	
11⅛	5⅝	ZenithElec			4	54	6⅞	6⅝	6½	-⅛
18½	14½	Zenith Nat	1.00	5.7	8	24	17⅞	17½	17⅝	
7⅞	6	Zenix Inc	0.82	11.7		39	7⅛	7	7	-⅛
13⅞	10	Zero Corp	0.40	3.2	19	125	12½	12⅜	12⅜	
35	27⅜	Zurn Ind	0.88	2.9	33	588	31¼	30⅞	30⅞	
14⅞	12	Zweig Fund	1.12	8.7		210	12⅞	12⅜	12⅞	+⅛
11	9⅞	Zweig Totl	0.96	9.3		2086	10½	10⅜	10⅜	

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3 pm September 3

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Perini	0.80	20	7	11¼	11⅛	11⅛	
Pet H&P	1.14	13	14	16¼	16⅛	16⅛	+⅛
Phil LD	0.21	16	430	39	38⅝	38⅝	-⅜
Pittway A	1.10	16	445	31	30⅝	31	+⅝
Ply Gem	0.12	23	24	10⅞	10½	10⅝	-⅛
PMC	0.65	13	332	10⅛	10⅛	10⅛	
PresidioA	0.10	1	209	1⅝	d1½	1⅝	-⅛

NASDAQ NATIONAL MARKET

3 pm September 3

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		19	9017	18⅞	d17⅞	17⅞	-⅛
Xoma Corp		6	1850	11½	d11	11	-⅛
Yellow Fr	0.94	22	995	26¼	25½	25⅞	+⅛
York Rsch		6	2884	7	6⅞	6⅞	-⅛
ZionsUtah	1.44	10	17	65⅞	54	64⅞	+⅛

AMERICA

Dow loses steam after early gains on Tokyo

Wall Street

US SHARE prices were slightly firmer in early afternoon trading but had come off earlier highs as trading wound down ahead of the long Labor Day weekend, *writes Patrick Harverson in New York.*

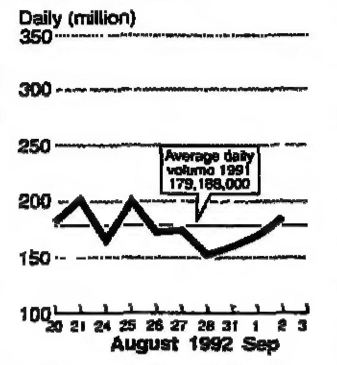
By 1 pm the Dow Jones Industrial Average was up 5.40 at 3,295.71, some way below its peak for the morning when the index had been more than 20 points higher. The Standard & Poor's 500 was also firmer at midsession, up 0.50 at 418.48, while the Amex composite was up 1.43 at 384.16 and the Nasdaq composite was 3.06 higher at 574.31. Turnover on the NYSE was 134m shares by 1 pm, and rises outpaced advances by a ratio of almost two to one.

A sharp rise in Tokyo stocks overnight and a firm showing on European bourses laid the groundwork for a firm opening in New York.

Investors were keeping their eyes firmly on today's employment report for August. The consensus among analysts is that last month's non-farm payrolls rose by 155,000, although most of the rise is expected to have been related to temporary hiring under a Federal summer jobs programme. Overall, the picture is expected to remain flat.

Citicorp fell $\$\frac{3}{4}$ to $\$16\frac{3}{4}$ on reports that a study by the Comptroller of the Currency had discovered serious management and credit quality problems in the bank's mortgage business.

NYSE volume



Countrywide Credit firmed $\$1\frac{1}{4}$ to $\$26\frac{3}{4}$ on the news that, in the wake of the lowest mortgage rates in several years, the company originated a record \$2.8bn of mortgages last month, up from \$866m in the same month a year earlier.

Hurricane Andrew continued to take its toll. Lennar Homes fell another $\$1\frac{7}{8}$ to $\$24\frac{3}{4}$ as investors feared that more homeowners in south Florida who lost their houses in the hurricane may sue the company for shoddy construction. The company says that the suit is totally without merit.

May Department Stores fell $\$\frac{7}{8}$ to $\$59\frac{1}{2}$ after the retailer announced that same-store sales fell 1.2 per cent in August. The company blamed the fall on the shift in the Labor Day holiday this year .

On the Nasdaq market, larger capitalised technology stocks continued to lead the way with solid gains. Intel rose $\$1\frac{1}{2}$ to $\$62\frac{1}{4}$, Microsoft climbed \$1 to $\$76\frac{3}{4}$, Borland firmed $\$1\frac{1}{4}$ at $\$44\frac{1}{4}$ and Sun Microsystems put on $\$\frac{3}{4}$ at $\$27\frac{3}{4}$. The exception was Apple, which eased $\$\frac{1}{4}$ to $\$48\frac{3}{4}$.

Canada

TORONTO enjoyed broad gains spread across most sectors by midday. A stronger US dollar, cuts in Canadian banks' prime lending rates and a firmer Wall Street boosted the market.

The TSE 300 composite index was up 22.3 to 3,459.0, as advances led declines by 287 to 145 in volume of 23.5m shares valued at C\$302m.

Active stocks included Cineplex Odeon, up 5 cents at C\$2.95, and Scotiabank, steady at $C\$24\frac{1}{4}$. Noranda Forest rose $C\$\frac{1}{4}$ to C\$8 and Bank of Montreal firmed $C\$\frac{3}{8}$ to $C\$47\frac{1}{8}$.

Budapest looks for strength in salami

Brokers hope that two new share issues will revive the market, says **Nicholas Denton**

Never before has so much depended on a sausage, however noble a variety. Budapest's anaemic stock market, hungering for nourishment, is eagerly awaiting the flotation of Pick Salami, the leading producer of Hungary's very own sausage.

Brokers hope that the launch of Pick, which started marketing its flotation earlier this week, and Danubius Hotel and Spa Company, which follows, will end a dry spell of share issues, overlay investors' bitter experience of Hungarian privatisation issues and draw them back to the market.

Above all, the two offerings, which are to be floated in Budapest and placed privately abroad, have to overcome the poisonous legacy of Hungary's first privatisation issue.

Ibusz, the national travel agency, went public and launched the Budapest Stock Exchange in June 1990 in a blaze of glory. But it then lost its investors, mainly foreigners, a lot of money with the stock falling 44 per cent from its issue price.

The market as a whole has not dazzled, either. The BSE index, battered by local wars and a depressed economy, languishes at 336, down from last year's peak of 1,227 and only 60 points above its all-time low.

Brokers, although embarrassed on many occasions over the past two years by misplaced optimism, are nevertheless cautiously upbeat about Pick and Danubius.

Mr Zsigmond Jarai, Hungarian manager of James Capel, the UK broker involved in both forthcoming issues, says: "Pick will help to promote a second chapter in the history of the stock exchange."

The salami manufacturer and the hotel chain are widely regarded as quality shares – their earnings are relatively well-insulated against Hungary's economic recession and their prospectuses are an improvement on those of earlier issues.

Equally important, the government is trying to make privatisation more popular and so the pricing promises to be keen to ensure success and provide investors with a nice capital

The salami manufacturer and the hotel chain are widely regarded as quality shares – their earnings are relatively well-insulated against Hungary's economic recession and their prospectuses are an improvement on those of earlier issues.

gain. Pick is likely to be priced at 6 to 7 times earnings, compared with a market p/e of 16.4 at the end of the first half.

This year's rises in Fotex, a retailing group and the most traded share, and Styl, a privatised clothing manufacturer, have given punters a taste of the profits they can make.

The other big difference this time is that interest rates have fallen dramatically. Three-month Treasury bills yielded just 16.55 per cent at last week's latest auction, down from 35 per cent a year ago, giving equities a chance against bank deposits in attracting retail investors.

Many analysts, however, argue that equity issues, while they may be prestigious and attract attention, remain marginal to the Hungarian stock market.

Mr Paul Greatbatch, a board member of Lupis Brokerhaz, a leading domestic broker, says: "The equity market performs the same role as owning a vintage Rolls Royce. It is of limited everyday use, but it impresses the neighbours."

Turnover in the BSE's 21 shares for the whole of July was only Ft480m (\$6.3m) and the market's capitalisation is about Ft36bn (\$500m).

Volume is low partly because Budapest's settlement system, convoluted by foreign exchange controls, pushes trading off the exchange. In Hungarian shares, foreign markets – Vienna, London and New York – out-trade Budapest by up to five to one.

But even taking into account the trading abroad, and Budapest's large OTC market, dominated by bank shares, equities are likely to be dwarfed by trading in government debt, which Mr Greatbatch describes as Hungary's "first serious securities market".

On the one hand, the state budget deficit is growing rapidly, with the government forecasting a shortfall of about Ft200bn (up to 8 per cent of GDP) both this year and next; and new legislation forces the government to finance the bulk of that on credit markets. On the other, banks and individuals remain downbeat about the economy and risk-averse, so government paper still looks attractive in spite of falling yields.

EUROPE

Paris takes the lead in the continental rally

MILAN missed out on a continental rally, stoked by a firmer dollar, less anxiety over the French referendum, and opening gains in the UK market, *writes Our Markets Staff.*

PARIS's futures-driven rally was frustrated by computer problems which closed down trading for several hours. The CAC-40 index ended up 69.05 or 4 per cent to 1,780.46, its highest close in four weeks. Turnover was relatively heavy at FFr2.3bn.

Dealers said that cautious optimism about the Maastricht referendum, the rally on the UK stock market and a firmer sterling prompted a flood of buy orders from London and domestic institutions. An absence of poor corporate results and rumours that the German government was considering fiscal advantages to encourage investment in eastern Germany also fuelled the rise in share prices.

Among the day's winners were Michelin, up FFr13.80 or 7 per cent to FFr204.40 and Euro Disney, FFr4.90 or 6.4 per cent to FFr81.90. Total bounced back FFr10.40 to FFr205.50 in the wake of its recent losses. Nomura and Merrill Lynch issued "buy" notes on the oil refiner yesterday.

FRANKFURT saw more short-covering, and a rise in sympathy with other markets. The DAX index ended 24.08 higher at 1,530.75; some of this reflected gains reported in Frankfurt's post-bourse on Wednesday, but there was a similar extension of the uptrend yesterday afternoon.

Volume rose from DM3.8bn to DM4.3bn. Major blue chip advances included Siemens, up DM10.70 to DM594.50, Bayer's DM4.70 to DM268.50, DM12.30 to DM621.80 for Daimler and DM7.10 to DM319.50 for Volkswagen.

Deutsche Bank, too, saw solid interest, gaining DM10.60 to DM612.60. Dealers said that the bank had held an analysts' meeting on Wednesday, which had a broadly neutral impact.

MILAN was dragged lower at the opening by heavy selling by one of the larger domestic brokers, and dealers remained pessimistic about the market in spite of a late recovery in prices. The Comit index fell 3.91 to 371.43, a new low for the year, in turnover estimated at more than L100bn after Wednesday's L92.7bn.

Rumours of a capital increase dragged the widely-held Mediobanca down by L435 or 4.6 per cent to L9,095. The stock has also been dogged by persistent rumours about its veteran chairman, Mr Enrico Cuccia.

Italmobiliare remained on the sellers' list, falling L2,010 or 6.4 per cent to L29,500.

Benetton was brought off the day's low of L10,100 by its first-half results which were in line with expectations. The stock closed L150 higher at L10,500.

AMSTERDAM rose 1.7 per cent, investors moving in to buy shares as the dollar strengthened. Some relatively good corporate earnings news also helped. The CBS Tendency index added 1.8 to 110.3.

ING put on Fl 2.40 or 5.5 per cent on news of a 7 per cent rise in first-half net, while Ahold dipped 40 cents to Fl 75.70 on disappointing first-half profit growth of 6 per cent.

MADRID bet on a French Yes vote on Maastricht, the general index rising 6.48, or 3.1 per cent to 216.30. Banks included a Central Hispano rise of Pta230 or 7.7 per cent to Pta3,230, after it talked of reducing the number of its branches by a net 500 to 2,500 next year.

Dealers said that this rise was not volume-driven, and that individual gains were erratic. In construction stocks, Uralita, which on Wednesday reported first half profits of Pta14bn after extraordinary profits of Pta21bn, rose Pta69, or 10.7 per cent, to Pta715.

STOCKHOLM recovered in moderate trading, supported by falling domestic interest rates and gains in foreign markets. The Affärsvärlden General Index rose 7.5 to 753.9 in turnover of SKr400m after SKr458m.

New bankruptcies in the real estate sector continued to plague the banking section, with S-E Banken falling to a year's low of SKr14.5, down SKr0.5.

OSLO's recovery, with the all-share index up 1.3 per cent to 313.02, was marred by a NKr7.5 drop to NKr32.5 in Aker, which said that its Norwegian Contractors subsidiary would incur a 1992 loss of NKr400m after miscalculating the costs of installing a concrete platform at the Heidrun gas and oil field.

BRUSSELS bounced back from its recent losses, the Bel-20 index ending 20.70 or 2 per cent higher at 1,066.86. Petrofina closed BFr210 or 2.5 per cent higher at BFr8,560.

FT-SE Eurotrack 100 - Sep 3

Hourly changes

Open	10.30am	11 am	12 pm	1 pm	2 pm	3 pm	close
1021.33	1023.40	1023.82	1023.62	1026.84	1029.78	1028.19	1031.46

Day's High 1031.48 Day's Low 1021.33

Sep 2	Sep 1	Aug 28	Aug 27	Aug 26
1011.19	1007.79	1013.54	1017.14	997.98

Base value 1000 (26/10/90)

SOUTH AFRICA

JOHANNESBURG ended mixed as early strength failed to find support. Anglos and De Beers were weak. The overall index ended 9 up at 3,174 while the industrial index added 24 to 4,102.

ASIA PACIFIC

Discount rate cut rumours lead Nikkei to 4.5% gain

Tokyo

RUMOURS of a discount rate cut prompted a rally in the futures market, and the Nikkei average surged 4.5 per cent on arbitrage-linked buying, *writes Emiko Terazono in Tokyo.*

The Nikkei closed 793.77 higher at 18,386.49, having drifted down in the morning session to a low for the day of 17,396.43 on position adjustment by dealers. A sharp rise in futures prices on the Singapore International Monetary Exchange prompted arbitrage-linked buying and the index rose as high as 18,461.66 in the afternoon.

Volume increased to 500m shares from 417m. Buying by dealers and investment trusts led the activity, while most domestic institutions remained on the sidelines. Rises led declines by 727 to 276, with 120 issues unchanged. The Topix index of all first section stocks advanced 47.74 to 1,396.79, and in London the ISE/Nikkei 50 index firmed 3.85 to 1,131.06.

Speculation that the Bank of Japan would cut the official discount rate resurfaced. Activity was also spurred by unconfirmed rumours that public pension funds would start investing in the stock market next week, and that trading margins for futures trading would be reduced.

Traders said the response to such positive rumours reflected the underlying bullishness. "Share prices are managing to disregard downward earnings revisions by companies and gloomier forecasts for the economy," said Mr Chris Newton at James Capel.

Isuzu Motors, the most active issue of the day, rose Y20 to Y390. Dealers and individuals traded the issue on reports that an affiliate had developed a new ceramic engine. Other automakers were firm, too, with Honda Motor up Y60 to Y1,300 and Mazda Motor gaining Y32 to Y470. Mazda said it would cut executives' bonus payments and that it was considering a large-scale restructuring programme.

Ricoh, the office equipment maker, climbed Y60 to Y707. Investors were encouraged by prospects of an early recovery in earnings.

Banks were strong on active buying. Industrial Bank of Japan forged ahead Y230 to Y2,770 and Dai-Ichi Kangyo Bank Y200 to Y1,920. Nomura Securities was also actively traded, adding Y120 at Y1,640 on hopes of an earnings recovery due to the recent market upturn.

In Osaka, the OSE average rose 441.34 to 19,846.23 in volume of 15.3m shares. Rohm, the semiconductor equipment maker, appreciated Y110 to Y2,000. Investors have been encouraged by its restructuring efforts.

Roundup

THE REGION was not immediately susceptible to Tokyo's improving mood.

HONG KONG had one of its quietest days in weeks, turnover dropping from HK\$2.66bn to HK\$2.01bn as the Hang Seng index lost 11.99 to 5,722.46.

HSBC led the actives list and shed 50 cents to HK\$55.50 on news of a warrants issue by Nan Fung, helping to push the finance sub-index down 34.45, or 0.7 per cent, to 5,195.87.

AUSTRALIA came off the day's lows on a good showing by transport group Brambles. The All Ordinaries index ended 2.2 off at 1,526.3 in turnover of A\$253m. Although Brambles' net profits fell 6.2 per cent to A\$180.2m, this was at the high end of expectations. Brambles rose 72 cents to A\$15.50.

Another highlight was Santos, up 11 cents at A\$2.58 after announcing an A\$2.70 a share bid for gas producer Sagasco, valuing it at A\$560m. Sagasco was flat at A\$2.75.

TAIWAN finished lower in volatile trading after heavy profit-taking emerged in the late morning. The weighted index ended 46.12, or 1.2 per cent, down at 3,888.49 and turnover rose to T\$28.6bn from T\$24.4bn.

SEOUL inched higher as late-afternoon institutional buying pulled the market off the day's lows. The index gained 1.20 at 563.94 in turnover of Won446.1bn, after Won462.5bn.

BANGKOK saw afternoon profit-taking and the SET index closed just 1.00 up at 763.42, although turnover grew from Bt8.89bn to Bt9.69bn. Thai Airways, which rose Bt5 to Bt58 on Wednesday, opened at Bt60 and climbed to Bt63 before coming off to finish at Bt58.50.

KUALA LUMPUR did respond to Tokyo, the KLSE index rising 4.79 to 577.71 as its finance index added 41.15 at 2,258.70 on institutional support for the sector leader, Malayan Banking, and other established banking stocks.

BOMBAY reversed an early decline to close with the BSE index 38.96 ahead at 3,079.53 on rumours that the government would soon restrict forward deals in dollars, indicating that full convertibility of the rupee was imminent.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY SEPTEMBER 2 1992								TUESDAY SEPTEMBER 1 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	128.82	−0.7	95.30	100.04	93.13	119.22	−0.9	4.52	129.72	96.30	100.77	93.98	120.36	153.68	126.79	149.29
Austria (19)	153.01	+0.4	113.20	118.82	110.62	110.44	−0.2	2.64	152.35	113.10	118.36	110.37	110.70	186.70	139.27	180.01
Belgium (42)	142.60	−0.3	105.50	110.73	103.09	100.93	−0.5	6.09	143.10	106.24	111.16	103.67	101.46	152.27	135.87	130.43
Canada (114)	127.22	+0.7	94.12	98.79	91.98	110.32	+1.0	3.15	126.30	93.76	98.11	91.49	109.19	142.12	124.32	138.75
Denmark (35)	213.59	−3.8	158.01	165.86	154.40	156.50	−4.1	1.81	222.12	164.90	172.56	160.92	163.21	273.94	213.59	252.30
Finland (15)	61.19	−0.5	45.27	47.52	44.24	49.17	−1.1	2.87	61.47	45.64	47.76	44.54	49.71	89.80	59.93	94.62
France (102)	161.07	+1.9	119.16	125.07	116.43	119.76	+1.7	3.75	158.02	117.32	122.75	114.47	117.74	168.75	148.08	137.42
Germany (64)	118.26	−1.0	87.49	91.84	85.49	85.49	−1.2	2.68	119.46	88.69	92.82	86.54	86.54	129.69	114.42	108.74
Hong Kong (53)	235.60	+0.6	174.30	182.95	170.33	233.75	+0.5	3.60	234.30	173.94	182.02	169.75	232.48	259.55	176.36	166.64
Ireland (16)	159.96	+0.0	118.34	124.22	115.63	118.81	−0.2	4.44	159.94	118.74	124.25	115.87	119.02	173.71	151.78	157.00
Italy (78)	61.22	−2.6	45.29	47.53	44.25	48.61	−2.7	4.27	62.84	46.66	48.82	45.53	49.98	80.86	61.22	72.57
Japan (473)	109.73	−1.5	81.18	85.21	79.34	85.21	−1.6	1.00	111.42	82.72	86.56	80.73	86.56	140.95	87.27	126.73
Malaysia (69)	233.80	−0.3	172.97	181.55	169.02	224.17	−0.4	2.82	234.54	174.13	182.20	169.91	225.06	250.47	212.49	209.37
Mexico (18)	1297.91	−0.3	960.22	1007.90	938.28	4357.25	−0.5	1.38	1302.36	966.88	1011.76	943.53	4377.88	1789.77	1259.94	1226.13
Netherland (25)	166.83	+0.0	123.42	129.55	120.61	119.32	−0.2	4.70	166.77	123.81	129.56	120.82	119.58	167.29	147.88	139.27
New Zealand (14)	42.29	−1.0	31.29	32.84	30.58	41.57	−1.0	5.46	42.72	31.72	33.19	30.95	41.98	48.52	41.90	46.94
Norway (23)	144.89	−0.4	107.19	112.52	104.75	108.31	−0.6	2.33	145.41	107.96	112.97	105.35	109.00	192.95	136.40	199.26
Singapore (38)	191.47	−1.1	141.65	148.69	138.42	140.56	−1.2	2.36	193.52	143.67	150.34	140.20	142.28	229.63	180.71	198.20
South Africa (61)	193.23	+1.6	142.95	150.05	139.68	156.46	−0.1	3.24	190.13	141.16	147.70	137.74	156.67	263.60	186.01	240.05
Spain (49)	141.76	+1.9	104.87	110.09	102.48	97.08	+1.8	6.05	139.06	103.24	108.04	100.75	95.40	161.72	133.79	151.88
Sweden (30)	178.25	−1.1	131.87	138.42	128.86	134.18	−1.4	3.06	180.21	133.79	140.00	130.56	136.13	200.28	171.48	187.93
Switzerland (62)	115.84	+0.6	85.70	89.96	83.76	89.02	+0.6	2.41	115.14	85.48	89.46	83.43	88.48	115.84	95.99	92.57
United Kingdom (228)	182.86	+0.9	135.28	141.99	132.18	135.28	+0.6	5.43	181.22	134.54	140.77	131.27	134.54	200.07	165.85	180.92
USA (522)	170.20	+0.4	125.92	132.18	123.05	170.20	+0.4	2.98	169.44	125.80	131.64	122.76	169.44	173.10	160.92	158.33
Europe (788)	147.60	+0.4	109.20	114.62	106.71	108.51	+0.1	4.39	147.00	109.13	114.20	106.50	108.34	156.88	139.31	140.64
Nordic (103)	161.29	−1.9	119.32	125.25	116.60	115.79	−2.2	2.60	164.46	122.10	127.76	119.15	118.45	188.52	159.53	185.02
Pacific Basin (715)	114.11	−1.4	84.42	88.61	82.49	90.35	−1.4	1.35	115.67	85.88	89.86	83.80	91.63	141.97	93.70	128.39
Euro – Pacific (1503)	127.66	−0.5	94.44	99.13	92.28	97.75	−0.7	2.77	128.35	95.29	99.70	92.98	98.42	145.21	113.80	133.57
North America (636)	167.51	+0.5	123.93	130.09	121.12	166.12	+0.5	2.99	166.74	123.79	129.55	120.82	165.34	170.31	156.70	157.05
Europe Ex. UK (560)	126.20	+0.1	93.36	98.02	91.25	93.11	−0.1	3.64	126.13	93.64	98.01	91.40	93.24	132.98	121.81	116.93
Pacific Ex. Japan (242)	157.06	−0.2	116.20	121.99	113.55	141.77	−0.3	3.80	157.36	116.83	122.27	114.02	142.20	175.31	149.00	144.92
World Ex. US (1696)	129.03	−0.5	95.46	100.21	93.28	99.85	−0.6	2.78	129.62	96.23	100.71	93.91	100.47	146.91	116.18	135.53
World Ex. UK (1990)	138.07	−0.2	102.14	107.22	99.82	120.04	−0.3	2.54	138.37	102.72	107.50	100.25	120.37	150.58	127.21	138.53
World Ex. So. Af. (2157)	141.67	−0.1	104.81	110.02	102.42	121.06	−0.2	2.86	141.82	105.29	110.19	102.76	121.29	153.05	130.04	141.57
World Ex. Japan (1745)	160.30	+0.4	118.60	124.50	115.91	142.21	+0.3	3.52	159.63	118.51	124.03	115.67	141.77	165.40	153.20	151.76
The World Index (2218)	141.94	−0.1	105.01	110.23	102.62	121.40	−0.2	2.86	142.08	105.48	110.38	102.94	121.63	153.70	130.66	142.21

Latest prices were unavailable for this edition.